

## NEWS SUMMARY

## GENERAL

Evans  
denies  
TUC  
'purge'

Mr. Moss Evans, Transport and General Workers Union general secretary, yesterday, fiercely denied that the TGWU was "purging" right-wingers from senior TUC posts.

Mr. Tom Jackson, of the Union of Communication Workers had earlier said TUC leaders like himself "in favour of free speech" were in danger of being ousted.

But Mr. Evans said there was no connection between the two TUC committees changes this week, and he would consult his legal department if allegations of conspiracy persisted.

Back Page; Cracks showing, Page 17

## Labour-union rift

A rift between the Labour Party's national executive and the unions emerged when Left and Right wing executive members joined to reject union demands for more control of Party finances. Page 4

## Neo-Nazi attack

A neo-Nazi group "European Nationalist Forces" claimed responsibility for machine-gun attacks on Jewish buildings and monuments in Paris early yesterday.

## Unwatchable

West Ham will play Castella of Spain at home on Wednesday but, after crowd disturbances in their Madrid match last week, no spectators will be allowed in the "European Football Union" rule.

## Murder sentence

Rolf Clemens Wagner, alleged to belong to the Baader-Meinhof group, was sentenced to life imprisonment for murder by a Swiss court after a Zurich bank raid last November.

## Belfast plea

Lord Mayor of Belfast John Carson urged the Government to remove the security "ring of steel" protecting the city from bomb attacks, saying violence had declined recently.

## Trains wait on

Berlin railways remained paralysed as many West German employees of the East German Reichsbahn refused to return to work after a nine-day strike.

## PLO protest

Malta's proposal that the Palestine Liberation Organisation be invited to the Madrid European Security Conference in November drew U.S. protests.

## Pakistanis die

Two Pakistani soldiers died when six Afghan helicopter gunships attacked a frontier post 100m north of the Khyber Pass, Pakistani President Zia-ul-Haq said.

## Athletic success

Britain and the U.S. each won five events on the opening day of China's first big international athletics meeting. Four of Britain's wins went to women.

## Pedal power

Oystein Molli, 14, became the first cyclist caught by Norwegian police radar control while pedalling at 57.5mph (35.6mph) in a 50kph zone. He got off with a warning.

## Briefly...

Mrs. Gwen Matthewsman of Yorkshire claimed a world knitting record of 109 stitches a minute.

Father and his two sons were jailed for life at the Old Bailey for killing a publican with "ferocious violence".

## CHIEF PRICE CHANGES YESTERDAY

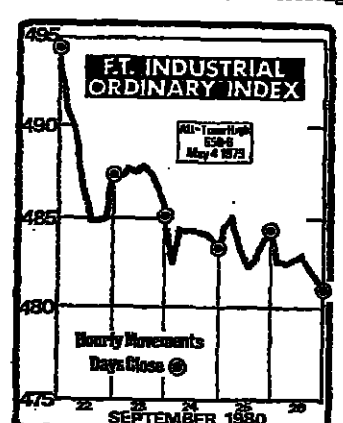
(Prices in pence unless otherwise indicated)

RISES		FALLS	
Barratt Develops	168 + 7	Asstd. Paper	32 - 3
Bestobell	313 + 9	BTR	282 - 6
Brown and Jackson	92 + 12	British Sugar	250 - 5
Haden Carriers	151 + 3	Burroughs	278 - 5
Hillards	180 + 10	Hodgins and Horton	58 - 10
House of Fraser	136 + 4	ICL	162 - 8
Kwik-Fit	98 + 64	Kleinwort Benson	228 - 6
KCA	145 + 7	Negretti & Zambra	30 - 6
Warrior Resources	480 + 70	Plessey	231 - 7
Ashton Mining	162 + 4	Rank Org.	156 - 4
Northern Mining	125 + 5	Tisbury Contracting	187 - 30
Spargos Explor.	48 + 4	Thames Valley	58 - 9
		Union Discount	300 - 20
		Vickers	127 - 6
		Williams and James	32 - 13
		Sun Oil	475 - 85
		Anglo-Amer. Gold	531 - 11
		Minoro	610 - 30
		RTZ	468 - 7

## BUSINESS

Equities  
3.4 off;  
Gold  
up \$3

● EQUITIES continued to ease, the FT 30-share index closing



2.4 down at the day's low of 426.6. Page 23

● GILTS: Government Securities index fell 0.22 to 70.02. Page 23

● STERLING fell 70 points to close at \$2.3920. Its trade weighted index remained at 76.1. Page 27

● DOLLAR showed mixed changes, improving to DM 1.5015 (DM 1.7980) but slipping to ¥211.50 (¥214.70). Its index was unchanged at 63.8. Page 27

● GOLD rose \$3 to close at \$698.5. Page 27

● WALL STREET was down 16.81 at 939.16 shortly before the close. Page 24

Ministers fear  
rush for aid

MINISTERS fear a spate of demands from State industries for more public funds, following the announcement of £400m extra for the British Steel Corporation. Back Page

● RANK TOSHIBA, the television manufacturer, may be closed by its two parent companies, who see little chance of it making a profit. Back Page

● MERIDEN motor cycle cooperative may be given a fresh start by nearly £8m in loans, interest and credits being written off. Back Page

● TEREX, the earthmoving equipment division of General Motors, is to be taken over by Mr. Horst-Dieter Esch, chief executive of the IBE group. Back Page

● SHELL UK has warned the Government that holding back production of North Sea oil may set an "unfortunate" example to other producing countries. Page 3

● NESTLE, the foods group, is ceasing its UK production of sugar confectionery and preserving, and restructuring its chocolate output. About 600 jobs will be affected. Page 4

● TALKS were taken place at ACAS last night in an attempt to prevent a strike by construction crane operators in the engineering union. Page 4

● SHOP STEWARDS at Cummins Engines' Shotts plant near Glasgow will meet management to discuss alternatives to nearly 300 redundancies. Page 4

● UNION of Communication Workers says double the job losses estimated by Post and Telecommunications management will result in the next 10 years from the introduction of new technology. Page 4

● TALBOT UK, the former Chrysler concern, announced a first-half loss of £19.56m, compared with a previous loss of £17.43m. Page 18

● GROUP LOTUS Car Companies increased pre-tax profits from £567,000 to £1.28m in the year to December 28, 1979. Page 18

IRAN and Iraq have agreed to receive a "goodwill mission" appointed by members of the Islamic Conference to discuss the possibilities for a settlement of the conflict.

IRAQ has brought its oil shipments to a virtual standstill. The Iraqi National Oil Company reported oil installations had suffered extensive damage.

IRANIAN fighter-bombers struck oil installations again yesterday. They attacked Basra, Mosul and Kirkuk, where pipelines and pumping stations were the main target.

OPEC may delay oil cuts  
as Iraq stops exports

BY RAY DAFTER, ENERGY EDITOR

THE WORLD'S second biggest oil exporter, Iraq, has brought its shipments to a virtual standstill because of the war with Iran. The Iraqi National Oil Company has told major customers that oil installations have suffered "extensive damage". The loss of Iraqi exports—some 2.5m barrels a day—and Iran's oil shutdown may force Western nations soon to begin drawing down their large stocks of crude oil and products.

But it seemed last night that some of the other members of the Organisation of Petroleum Exporting Countries (OPEC) were postponing planned production cutbacks in order to stabilise the supply and demand balance.

Mr. David Howell, Britain's Energy Secretary, said in Washington he understood that countries projecting a 10 per cent reduction from Wednesday were now prepared to put their plans "on hold". The reduction could have cut more than 1.5m b/d from world supplies if, as intended, Iraq and Iran had joined the arrangement.

Mr. Howell said he had learned of OPEC's decision on the postponement from oil officials in Venezuela. He quoted Dr. Humberto Calderon Serrí, the Venezuelan Oil Minister, as saying that, in the present situation, it was "very important for all sides to act in

Importers of Iraqi Oil	
	% of total oil imports
Japan	384
France	136
Italy	446
UK	123
Spain	117
Brazil	500
India	128

Iraqi production: 3.4m b/d (1st qtr. 1980)  
3.3m b/d (2nd qtr. 1980)

## THE WORLD OIL BALANCE

1st Half	
Non-Communist production	49.5m b/d
World production	64.0m b/d
2nd Quarter	
Non-Communist consumption	48.0m b/d
World consumption	61.5m b/d
1st quarter 1980, 1979	
Current	

Source: U.S. Central Intelligence Agency and industry estimates.

a moderate way and not to seek to exploit the situation."

The extent of the damage to Iraq's oil installations is not known, although it has been clear in recent days that Iran in particular has been concentrating its attacks on refinery, storage, pipeline and port

facilities. Iranian Phantom fighter-bombers again struck yesterday at oil installations, hitting targets at Kirkuk, Mosul and Basra on the Shatt al-Arab waterway. Iraq has admitted damage to oil facilities at Kirkuk where the main Iranian targets were thought to have been the pipelines and pumping stations that carry Iraqi crude through Syria and Turkey to the Mediterranean.

The refinery and petrochemical complex at Basra is believed to have been seriously damaged. Yesterday, there were again thick palls of smoke rising over the area. Syrian officials in Damascus said that they had been contacted from Baghdad about the re-opening of the pipeline to Tripoli in northern Lebanon which has not been used for four years.

As a result of yesterday's announcements, spot market prices rose sharply. The value of a barrel of average light Middle East crude was said to have risen by \$2 (\$3p) to \$34. Government and the International Energy Agency (IEA) remained calm, saying that the record level of stocks in the world—the equivalent of over 100 days of consumption—provided sufficient insurance against an early shortage or significant price increase.

"We have time to think and to consider carefully the situation before taking any action," said a senior official of the IEA's emergency committee. He added that, at present, there was no move to trigger the agency's emergency oil sharing scheme, although supplies had already fallen below the activating reference level.

There are, as yet, no plans to call for a two-month exercise among member governments, of the IEA, starting next week. It will be a major operation aimed at simulating emergency arrangements in the light of a notional cut back in oil supplies.

Only two of Iraq's major customers are members of the IEA: Japan, which relies on Iraq for about 8 per cent of its total oil imports, and the UK which, in the first half of this year, was buying some 130,000 b/d of Iraqi crude, about 6.6 per cent of its total oil requirement. Energy Department officials said they were not alarmed given the large oil stocks—last month they were the equivalent of 107 days of supply—and the ability to increase output from some North Sea fields. Next week, the Murchison Field is due to be brought on stream.

The other major importers of Iraqi oil are the U.S., France, West Germany, Italy and Japan. The U.S. has been buying about 1.5m b/d of Iraqi oil since the start of the year.

## Both sides accept peace moves

BY OUR FOREIGN STAFF

IRAN and Iraq agreed yesterday to receive a "goodwill mission" appointed by members of the Islamic Conference to explore the possibilities for a settlement of the conflict. This is the first diplomatic breakthrough since the war began eight days ago.

Meeting in New York under the chairmanship of Mr. Agha Shahi, Foreign Minister of Pakistan, the Islamic countries proposed that Pakistan's head of state, General Zia-ul-Haq, and the secretary-general of the conference, Mr. Habib Chatty of Tunisia, should undertake the mission.

It is assumed, that they will son travel to Tehran and Baghdad for meetings with President Abolhasan Bani-Sadr and President Saddam Hussein. It is not yet clear, however, whether the mission will be able to go beyond fact-finding and mediate formally.

The move came as fighting continued on the ground, with Iraq battling on to achieve its immediate campaign objectives in the face of determined Iranian resistance.

Confusion over the West's diplomatic reaction to the crisis cleared somewhat when American officials confirmed that the U.S. was ready to arrange a meeting of its key allies to minimise the effects of the fighting on international oil supplies. But they denied that President Jimmy Carter was seeking to organise a joint Western naval task force to stand by in the Gulf area.

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Howell scales  
down plan for  
BNOC sale

BY ELINOR GOODMAN

THE GOVERNMENT has scaled down its plans to open up the British National Oil Corporation to the private investor.

Mr. David Howell, the Energy Secretary, is expected to announce at the Conservative Party conference, which starts on October 7, that there will be no sale of equity stakes in BNOC. Instead, the Government is likely to restrict itself to the public sale of bonds, the return on which will be linked to BNOC's revenues on its profits.

The door may be left open for an equity sale at some later date but it will be clear from the announcement that the Government has had to accept that there are considerable obstacles to such a major restructuring of the corporation.

The decision not to go for an equity sale at present will come as a major disappointment to the Conservative Party, which has seen the injection of private-sector capital into BNOC as a benchmark of the Government's determination to implement the party's manifesto commitment to sweeping back the frontiers of nationalisation.

It also represents a dilution

of Mr. Howell's own earlier hopes. He had originally argued that a sale of equity should provide the main vehicle for privatisation, and brought forward several proposals to that effect.

But all met with opposition, both from BNOC itself and from other Government departments. Some of the objections were practical and some more fundamental. There was considerable worry, for example, about how the Government could retain control over such a valuable asset if it sold off equity. The Treasury was also concerned about the possible loss of profits—and valuable revenue—to the Government.

It had been hoped within the Conservative Party that the announcement of a full-scale equity sale in BNOC might form one of the few pieces of good, hard news at this year's party conference to reward the rank and file for their loyalty.

To hearten Tory delegates, Mr. Howell may emphasise the opportunity the revenue bonds will give ordinary investors to benefit from Britain's oil wealth.

EEC unity urged on  
Japanese cars

A UNITED European approach was urged yesterday to tackle the problem of Japanese car exports.

The call came from Common Market Commissioner Mr. Christopher Tugendhat, who said: "Representatives of different national industries have been talking to the Japanese for some while. British industry has been dealing with the Japanese on a one-to-one basis for some time. There is room for doubt whether the results have been successful." A more united

European approach, to try to ensure a more orderly form of Japanese marketing and the opening up of the Japanese market, might prove a great deal better, he added.

Mr. Tugendhat, one of the two British members of the Commission, was introducing a Commission paper illustrating the growth of Britain's trade with the other eight market countries.

In 1979 the Common Market accounted for 42 per cent of all British exports and 45 per cent of all British imports.

## Wrestling with recession

IS BRITISH industry being squeezed to death by the Government's policies? Will its manufacturing base be so eroded that it declines further in the face of a tide of imports when the economy improves? Or will industry emerge leaner, more efficient, and better able to compete in world markets, helped

by a substantially lower rate of inflation at home?

These questions are being asked with increasing urgency by many leading industrialists and members of the Government. On Monday the Financial Times starts a series of articles which explore how individual companies are responding to the recession and how they view the future.

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## GENERAL INFORMATION

Dealing in units Units may normally be bought or sold on any working day. Certificates will normally be forwarded within 14 days. Prices and yields are quoted in leading newspapers.

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Safekeeping The trusts are authorised by the Secretary of State for Trade. Trustee: Bank of Scotland.

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In Save & Prosper Gilt and Fixed Interest Growth Fund



## THE IRAQ/IRAN CONFLICT

Reginald Dale and Roger Matthews report on a stronger response from Iran to the Iraqi advance

## Saudi forces move to Eastern Province

By Our Jeddah Correspondent

SAUDI ARABIA, its forces now on alert, has been moving extra army and air force units into the oil producing Eastern Province on the Gulf.

The Kingdom's fleet of nearly 60 C130 Hercules transport aircraft has been in action flying men and equipment. Among the six additional army and air force units which have gone to the Dammam area are anti-aircraft missile forces with their equipment.

Security at the huge Ras Tanurah oil terminal near Dammam has been stepped up. Officials at the Defence Ministry emphasise, however, that the military alert is purely precautionary and that there is no question of active Saudi participation in any fighting, except in a defensive role.

Eastern Province is the scene of all Saudi Arabia's oil production, and is therefore of major strategic importance. But it is also the home of the Kingdom's minority of Shia Muslims who, incited both by Iranian propaganda and by lingering discontent at their own underprivileged position in Saudi life, rioted last November and again in February this year.

The King has given his first public indication of support for Iraq in a guarded statement from the official news agency. It said that King Khalid had telephoned President Saddam Hussein of Iraq expressing his "concern and brotherly feelings." He also "affirmed the depth of relations between the two countries."

The statement does not go as far as the Iraqi version of the telephone conversation which quoted the King as calling Iran "enemies of the Arab nation" but it indicates that Saudi Arabia is on Iraq's side.



Abadan oil refinery on fire yesterday.

## Iranians mount surprisingly strong resistance

AFTER A WEEK of fighting, Iraq had much the better in its undeclared war with Iran. However, the disorganised Iranian armed forces mounted considerable resistance, sometimes surprisingly, and it remained unclear whether Iraq was seeking to consolidate its limited territorial gains or was getting bogged down in its advance.

On paper, the Iranian forces are far stronger than those of Iraq. Yet the desertion of many officers after the downfall of the Shah, the recent purges of the armed forces and the organisational changes introduced by the revolutionary regime have taken their toll.

All military assessments must be treated as extremely rough, however, as available information comes mostly from Iranian and Iraqi national radios, with only scattered independent confirmation. Much of the Iranian equipment is sophisticated and re-

quires constant maintenance, provided by American technicians during the time of the Shah. The flow of the spare parts and technical "know-how" from the U.S., Britain and other Western countries has ceased since the taking captive of the American hostages.

Some minor repairs can be carried out by Iranian crews and some spare parts can be obtained by cannibalising equipment which is out of service. However, there are sharp limits to what inexperienced ground crews can do, especially in the case of aircraft.

Still, the Iranians have surprised some observers with their ability to keep aircraft flying and with their retaliatory strikes over Iraqi territory, limited though those strikes may be. By contrast, their ground forces at present seem unable to hold their own. No formal chain of command seems to exist, and thus the Iranians have been un-

able to coordinate a concentrated counter-attack nor sustain a creditable defence. Communications appear poor, meaning that units requiring support can neither call for it nor direct it if it arrives. Intelligence seems non-existent.

But the Iraqi troops appeared reluctant to fight their way physically into the built-up areas, where the outnumbered building barricades and preparing to put up stiff resistance. On the three other major land fronts the Iraqi appeared to be in sight of their immediate campaign objectives. In the north, the Iraqis were reported to be within a few miles of Kermanshah but encountering Iranian resistance west of the city.

In the north central sector around Mehran, fighting was reported to have died down, with the Iraqis satisfied with relatively limited territorial gains. But in the south central sector, Iraqi forces were pushing close to the key oil-pumping station at Dezful, astride the main pipeline linking the Abadan region with Tehran.

Western reports said that if the Iraqis captured Dezful, also an important air base and source of hydroelectricity, they would be able to shut down a

major part of the country's oil pipeline system and tighten the noose on Khorramshahr and Abadan. Jet fuel supplies for the Iranian air force could be seriously affected.

The Iraqis had committed over three divisions (possibly around 40,000 men) to the land battle, against under two Iranian divisions (perhaps 25,000 men), it was estimated. In the Khorramshahr/Abadan sector, where the Iraqis had made their biggest push, the Iraqis were probably outnumbered by about two or three to one in numbers—a superiority that the Iraqis would need if they sought to force their way into built-up areas.

The Iraqis were reported to be putting up a stiffer resistance than expected in many sectors, and in the air managed to increase the number of sorties flown on Thursday by about 10 per cent over the number flown the previous day.

The Western view is that the Iranian command and control system has stood up surprisingly well to the heavy purging of officers following the fall of the Shah. Western observers also said there had as yet been no

sign that the Iraqi forces had been heavily resupplied with ammunition and equipment by the Soviet Union.

Iraqi naval vessels appeared to be in full control of the disputed Shatt al-Arab waterway separating the two countries, with Iraqi troops installed on the west bank.

As Iraq claimed its forces were pushing steadily closer to Ahvaz, capital of Iran's Khuzestan province, huge palls of smoke were reported over Abadan and Khorramshahr and Iran said Ahvaz had also been bombed. The Iraqis said 90 per cent of casualties in Abadan and Khorramshahr were civilians and claimed to have captured 50 Iraqi tanks.

Iraqi armour had not yet arrived at Abadan, but the town appeared to be cut off.

Tehran said that its aircraft continued to hit Iraqi oil and refinery installations and had attacked Kirkuk and Mosul, north of Baghdad. The Iranian fighters were almost certainly aiming at the pipelines and pumping stations which carry Iraqi crude oil across Turkey and Syria to the Mediterranean.

Syrian officials said they had been contacted from Baghdad about the reopening of the pipeline that terminates at Tripoli in northern Lebanon, while Turkish officials reported that the pipeline to Iskenderun was operating but subject to interruptions.

Baghdad claimed that 11 Iranian aircraft had been brought down in the attacks on Mosul and Kirkuk but did not mention other reports that serious damage had been done to a refinery in the area.

Mr. Sadeq Hammadi, Iraq's Foreign Minister, said on Baghdad radio that his Government "would welcome any discussion of the problems that created the current situation, whether at international or regional organisations."

Mr. Tariq Aziz, the Deputy Prime Minister, said in Jordan that Iraq appreciated international concern resulting from the war and "respects any initiative from any responsible or friendly State to end the dispute."

Asked about the Soviet Union and the U.S., he said: "The Soviets are friends, but we consider the U.S. hostile to us because they support Israel."

## Two British ships slip out of Iran port

TWO BRITISH ships, the America Star and the Norse Viking, have slipped out of the Iranian port of Bandar Khomeini, our Shipping Correspondent reports. A third vessel, the Trojan Star, is still believed to be in the port. Meanwhile, two other UK flag ships remain trapped in the Shatt al-Arab. The Altair is moored four miles off Khorramshahr and the Gulf Heron is waiting to unload in Basra. A number of UK vessels are now waiting at Kuwait just outside the war zone.

## 'Overthrow Khomeini' call by General

A senior general in the deposed Shah's army yesterday appealed to Iranian troops to help him overthrow the Islamic republic set up by Ayatollah Khomeini. Reuter reports from Paris. General Bahram Aryana said in a message to officers, non-commissioned officers and soldiers of the Iranian army: "Prepare yourselves... you will receive instructions from me shortly from inside Iran."

## Death denial

Tehran Radio yesterday denied a report by Baghdad Radio that Ayatollah Khomeini was dead. Reuter reports. The Ayatollah's office said he was alive and well, and might make a speech on TV later.

## Cuba's Foreign Minister

Cuba's Foreign Minister, Mr. Isidoro Malmierca, yesterday had talks in Baghdad with Mr. Sadeq Hammadi, the Iraqi Foreign Minister, on the Iraq-Iran conflict. Reuter reports from Beirut. The Gulf News Agency said Mr. Malmierca handed the Iraqi president, Mr. Saddam Hussein, a message about the war from Cuba's President Fidel Castro. In his capacity as chairman of the non-aligned movement but gave no details about its contents.

## Consulate closes

The Japanese Consulate-General in the Iranian port of Khorramshahr had been closed because of heavy fighting in the south of the town, according to Foreign Ministry officials. Reuter reports from Tokyo.

## Almost plain sailing for ships passing through the Strait of Hormuz

BY SIMON HENDERSON AT THE STRAIT OF HORMUZ

"YOU CAN'T physically block the Strait of Hormuz, it is impossible," the British shipping company official said yesterday, as he showed with his finger the routes through the Strait on a large-scale navigational chart. "But what Iran can do is threaten to fire on any tanker passing through, and all the owners will hold back their ships because the insurance rates will skyrocket."

However, that would not last for long because the U.S. navy would come in and blast the Iranian ships and bases—and the Iranians, because so many were trained in the U.S. realise that this would happen," he said.

From a man with the experience and confidence of nine years' work in the Gulf, it was a compelling message.

A dozen very large tankers enter the Strait of Hormuz on their way to the Gulf each day. About the same number of general cargo ships pass through. About 16m b/d of crude oil—just under half the world's internationally-traded crude—passes through the

Strait, almost all of it bound for the western countries and Japan.

Looking out to sea from the windows of the company's offices 10 miles north of Ras-al-Khaimah, in the United Arab Emirates, there was confirmation of the official's view that whatever might happen further up the Gulf, the world's tanker bosses were not expecting much to happen in the Strait of Hormuz.

Four empty British Petroleum super tankers lay a few miles offshore where they had fled from Iranian waters when fighting erupted last week. The idle chatter between the British engineers on board, suggested that all they were concerned with was how long they were going to have to wait before returning up the Gulf to be loaded.

What is different, though, is that Iran has declared the northern part of the Gulf a war zone and warned shipping to keep out. Now, instead of cutting across the northern waters of the Gulf, tankers

heading for Kuwait and Saudi Arabia have to go closer to the UAE coast. It takes longer and the water there is not so deep—allowing less of a margin if an unexpected change of course is required.

The shipping lanes in the Strait itself lies in Omani territorial waters. There is one lane three miles wide for inward traffic and a similar lane for outgoing vessels another three miles to the south. At its narrowest the Strait is still more than 20 miles wide and the water between 250 and 500 feet deep.

The land around the Strait is lonely and barren. Rocky mountains rise steeply all along the coast of Oman's Masandam peninsula on the south side. There are swampy lagoons and occasional villages but otherwise there is an oppressive heat. Yesterday it was well over 100 degrees—and even so one local described it as relatively cool.

The seven emirates which make up the UAE—Abu Dhabi, Dubai, Sharjah, Ras-al-Khaimah, Ajman, Umm al-Qaiwain and

Fujairah—appear to be taking the crisis calmly, even though two have a particular interest in it.

The islands known as the Greater and Lesser Tumbs formerly belonged to Ras-al-Khaimah until they were seized by Iran in 1971. The sovereignty of Abu Musa was officially "left open" between Iran and Sharjah, and the latter still administers half of it. It is these islands which Iraq says it wants to return to Arab sovereignty.

Diplomats feel that the UAE will not risk entering any conflict itself. Its military strength is comparatively weak—the navy consists of only 15 vessels and 900 men.

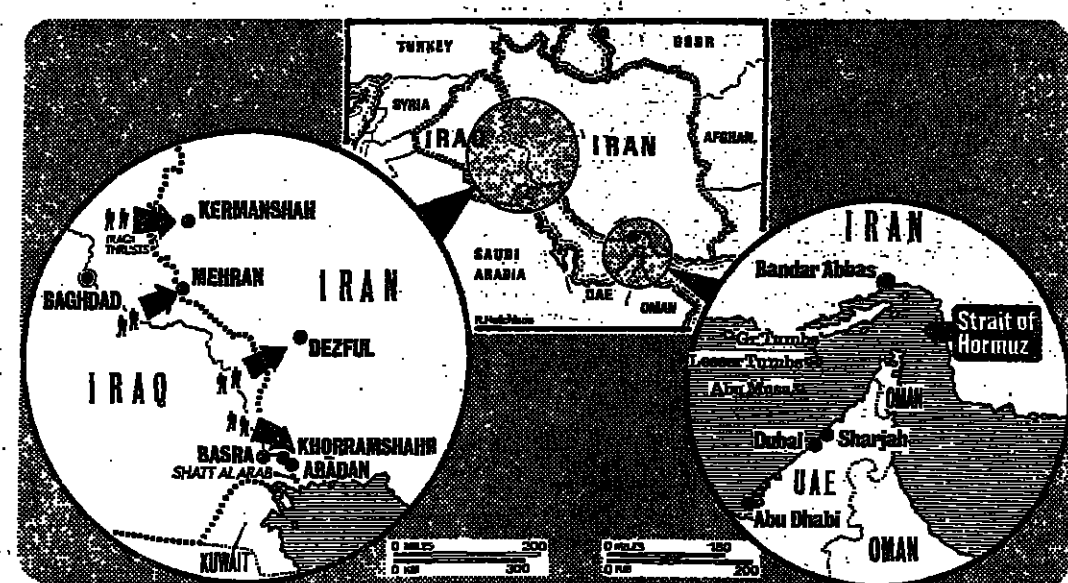
Meanwhile, shipping through the Strait continues, admittedly less now because vessels originally bound for Iraqi and Iranian ports are holding back, but otherwise normally. The volume of traffic has dropped anyway over the past few months because of the world oil supply glut, and also because the size of tankers has grown. Three 500,000-ton tankers could take

the whole daily production of Saudi Arabia, the world's largest oil producer.

On military strengths, an expatriate helicopter pilot on a tanker supply service said after the trip into the Gulf of Oman that there were no warships in sight. The only one normally around was the Omani fast patrol boat stationed in the Strait at the former Royal Navy anchorage of Goat Island on the west of the Masandam Peninsula.

U.S. and Soviet ships are believed to be well down the Gulf of Oman, keeping out of sight of land but still within a few hours' steaming of the area. What is happening on the Iranian side of the Gulf is not clear, but the bulk of its navy was probably in its major Bandar Abbas area when the fighting began.

Even the Iranian questioning of ships to find out where they are heading is comparatively low key. A radio station asks a random selection and apparently has not yet heard any answer it did not like. Of Iraqi ships there is no sign.



THE MAIN bulk of the Iraqi advance in the Central and Northern sectors is said by Western analysts to have been in areas including disputed frontier territory ceded to Iraq under the Algiers agreement of 1975 but never

officially handed over by Iran. These small strips of territory total about 500 square kilometres, although Iraqi forces now occupy considerably more than that. The border issue is greatly complicated by the existence of three separate

## OTHER OVERSEAS NEWS

## Yugoslavs warm to Iron Lady approach

BY RICHARD EVANS, LOBBY EDITOR, IN BELGRADE

MRS. MARGARET THATCHER, the Prime Minister, has achieved the primary task she set herself during her visit to Yugoslavia, by developing a good working relationship with the corporate leadership that succeeded President Tito.

But she was unable to offer the Yugoslavs in two days of talks the Government credits and financial backing they requested to improve their competitiveness and end the chronic trade imbalance they have with the UK and the rest of the European Community.

The Prime Minister made it clear that while the British Government had every sympathy with the economic difficulties facing Yugoslavia, the considerable financial aid they sought would have to be acquired on the open market, in London and elsewhere.

A joint communiqué at the end of her talks with Prime Minister Djuranovic and other Yugoslav leaders referred to agreement on the scope for

development in trade and economic co-operation between Yugoslavia and British firms and financial institutions.

"They reaffirmed their commitment to expand economic relations, and trade, and recognised that the growth of Yugoslavia's exports would be particularly important in increasing bilateral trade. They agreed that greater efforts should be made to promote other forms of economic co-operation including joint ventures."

In practice little concrete appears to have been achieved on trade and it will be up to the Yugoslavs to promote and market their goods more effectively in Britain.

On the political side the visit seems to have been more successful, with Mrs. Thatcher leading the way among Western leaders in giving full backing to the Yugoslavs' determination to continue President Tito's policy of non-alignment.

The British party was also delighted at the way the Yugoslavs as a leading non-aligned nation were persuaded for the first time openly to condemn the Russian invasion of Afghanistan.

## Turkey sacks 1,700 mayors

By Metin Munir in Ankara

TURKEY'S military rulers yesterday dismissed all the country's 1,700 elected mayors and disbanded the municipal councils.

They also increased the punishment for possession of unlicensed firearms or explosives. Any person possessing, buying, selling or conspiring to smuggle arms into Turkey will be sentenced to 30 years imprisonment.

The two decrees issued by General Kenan Evren's ruling council are intended to reinforce the army in its fight against political terror.

The mayors are believed to have been dismissed to remove politicians from the municipalities which were highly partisan in their composition and behaviour. Some had suspected left-wing and right-wing terrorists on their payrolls.

## Zimbabwe ban

SALISBURY—The Zimbabwe Government yesterday published new regulations to bar the country's dismissed white military commander, Lieutenant General Peter Walls, from returning to the country. A notice added a new provision to the country's law and order regulations to cover "the exclusion of undesirable persons."

## Rapid progress unlikely at missile talks

BY DAVID BUCHAN IN WASHINGTON

RAPID PROGRESS is not expected by the U.S. in forthcoming negotiations with the Soviet Union on limiting medium-range nuclear missiles based in Europe. This was made clear by U.S. officials yesterday after the announcement that a first round of talks has been set for October 13 in Geneva.

The date was agreed by Mr. Edmund Muskie, the U.S. Secretary of State, when he met Mr. Andrei Gromyko, the Soviet Foreign Minister, in New York on Wednesday.

The U.S. acceded to the Soviet request for early talks because, even though it is in the midst of a presidential election campaign, it did not want to give apparent justification to

Soviet accusations that the U.S. and its allies in the North Atlantic Treaty Organisation were dragging their feet on the missile issue.

The NATO alliance made the original offer of talks about mutual reductions in Europe-based missiles last December. At the same time it decided to go ahead and deploy a new generation of Pershing and Cruise missiles. This was done partly to persuade some of the smaller countries in the Western alliance that the new deployment might not be permanent.

The object of the talks starting next month, which will be conducted for the Western side by the U.S. after consultation

with its NATO allies, is to exchange a reduction in Pershing and Cruise missiles for matching cuts in the number of medium range SS-20 missiles that the Soviet Union has targeted on Europe.

Russian willingness to negotiate some kind of mutual reduction comes after a strong propaganda campaign from Moscow warning Western European countries that they risk turning themselves into prime nuclear targets by allowing the U.S. to base the new Pershings and Cruises on their soil.

David Satter, writes from Moscow: The beginning of talks with the U.S. on limiting medium-range missiles in Europe will be welcomed by the Soviet Union which is

anxious to restore the détente atmosphere which prevailed before its invasion of Afghanistan.

The Soviet Union has always been interested in arms control and an earlier refusal to discuss reductions in medium-range missiles while the NATO decision to deploy Cruise and Pershing missiles in Western Europe was in force was regarded as a negotiating ploy.

When Herr Helmut Schmidt, the West German Chancellor, visited Moscow in June, thereby breaking the Soviet Union's post-Afghanistan diplomatic isolation, the Soviet authorities announced that they were willing to abandon their refusal to negotiate about medium-range missile reductions.

## Sasol aid for Washington's energy plans

By Quentin Peet in Johannesburg

TECHNOLOGY from Sasol, the pioneering South African oil-from-coal producer, is being used by the U.S. in efforts to produce synthetic fuel and gas, in spite of the political controversy likely to result from such a move.

The small-scale concern which disclosed this development yesterday has been producing oil from coal in South Africa since 1955. It acts as consultant and co-ordinator with Lurgi of West Germany to a U.S. consortium headed by American Natural Resources. The consortium has announced its intention to build a substitute natural gas plant in North Dakota.

In addition, Sasol is involved either as a consultant or potential licensor in \$50m (£25m) of design projects for synthetic fuel production commissioned by the U.S. Department of Energy as part of the U.S. Government's synthetic fuel programme. Mr. D. P. de Villiers, chairman of Sasol, said in his annual report that \$100m of projects had been commissioned. Sasol technology, Mr. de Villiers said, is "the only proven commercial route to coal gasification and subsequent liquefaction."

## U.S. ready to revive steel trigger prices

BY OUR WASHINGTON STAFF

THE U.S. is to reimpose trigger prices on imported steel in the first quarter of 1981 at a level 12 per cent above that in the first three months of this year, when the import protection system was scrapped temporarily.

This is reliably reported to be a main element in a steel deal

which the Carter Administration and the European Commission are about to complete and which is expected to be announced next week.

In return for the reintroduction of trigger prices, the U.S. Steel Corporation is ready to drop its big anti-dumping suit, filed last March against steel

produced from seven EEC countries. The EEC feared that possible dumping duties arising from the suit could cause more damage to their steel exports than a return of trigger prices, which are supposed to act as a quick alert for the U.S. Government to investigate dumping allegations.

In fact, the U.S. Government instigated very few dumping inquiries under the old trigger price system. But the domestic steel industry, including the U.S. Steel Company, has also requested other aid from the Government, such as relaxation of some pollution control rules and federal loan guarantees.



## OVERSEAS NEWS

## Fed asserts its independent line

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THERE WAS a political, as well as an economic, point made when the Federal Reserve Board announced on Thursday that it was raising its discount rate by a full percentage point to 11 per cent. It was that Mr. Paul Volcker, the Fed's chairman, and the twelve governors of the regional banks in the system, are not lieutenants to Mr. Robert Strauss and the other architects of President Jimmy Carter's re-election campaign.

Not that anybody had ever gone so far as to suggest to Mr. Volcker's face that this was the case. After all, for the last year, since the chairman flew home from the International Monetary Fund meeting in Belgrade to announce a package to take the heat out of the U.S. economy, the Fed has often seemed to be the Administration, at least as far as economic policy is concerned.

Its tight money policies at the turn of this year constituted an obvious threat to Mr. Carter's re-election by the Democratic Party, with its traditional distaste for high interest rates. But that challenge to the President now pales in comparison with what he is up against in the shape of Mr. Ronald Reagan: and in recent weeks, as evidence accumulated of a new explosion in the money supply with the apparent bottoming out of the deep, but short-lived recession, there was at least a suspicion that the Fed was in a tricky political pickle.

It was apparently unwilling, on the one hand, to be seen to

be undermining the President's electoral chances, but equally unwilling on the other to stand by while inflation got up a new head of steam.

It gave its answer, unequivocally, on Thursday evening: that its concern is inflation, not elections; that while candidates may promise the nation tax cuts—Mr. John Anderson, the independent, excepted—its tools are different and less palatable.

Moreover, as Mr. G. William Miller, that most political of Treasury Secretaries, implied in remarks in New York on Thursday, much as the Carter Administration may not relish the political consequences of what the Fed has done, it accepts that the central bank had little alternative.

The President's political strategists concede that higher interest rates may give Mr. Carter's opponents another round of ammunition to fire, but at least those rates are still at the levels of earlier in the year and may make the president's problems only marginally worse.

From an economic standpoint, the logic of the Fed's action is clear, though its consequences are less easily predictable. Since mid-year, the basic money supply had been rising at an annual rate of about 13½ per cent, double the Fed's own targets. In recent weeks, the Fed has been taking a number of discreet steps to limit the reserves flowing into the banking system. Raising the discount rate publicly reaffirms its intent to continue the pressure until

monetary growth is brought under control. The great question, of course, is whether its action will have the effect of nipping in the bud the modest recovery that now seems to have been under way for nearly two months. Gross National Product in the second



Mr. Paul Volcker, no more election aide.

quarter of this year fell by 9.6 per cent, at an annual rate, while in the third quarter, according to preliminary government estimates, it remained level.

The brunt of the recession was borne by heavy industry, especially cars and steel, and by housing. Both cars and construction have shown signs in the most recent weeks of coming out of their slumps—but both are intensely vulnerable to the

interest rate factor.

The nation's car dealers, in particular, were in dire straits, unable to bear the costs of financing their stocks when the prime rate hit 20 per cent earlier this year, as was the housing industry, confronted with mortgage rates nudging 18-17 per cent: both benefited from the summer decline in rates; both are afraid that the upward trend now, which the Fed has confirmed, will abort their recoveries.

Several broad measurements of economic activity have taken a turn for the better in the past two months—industrial production has risen, unemployment has gone down, retail sales moved up, as have consumer credit and factory orders.

The Carter Administration had even taken political heart from the fact that most recent surveys of consumer confidence have shown the nation more optimistic about its economic prospects than for some time.

But the latest economic and monetary figures have begun to suggest a resurgence in inflation: in the last few years, the U.S. economy has shown remarkable resilience. It took a very severe squeeze to expunge the life out of the last expansion, and then produced a recession of no more than half a year's duration, one of the shortest on record.

What the Fed has done is to demonstrate its independence by again flying its anti-inflationary colours at its masthead. It is very hard to say whether, as a result the economic ship will change course.

## UK NEWS

## Shell warns on oil output curbs

BY RAY DAFTER, ENERGY EDITOR

SHELL UK, one of the leading North Sea oil producers, has warned the Government against implementing a restrictive depletion policy.

The company says in a discussion paper that by holding back the rate of production, the UK could set an "unfortunate" example to other producing countries and might well cause additional price vulnerability.

"The mid-1980s may well be a period of severe strain on world oil resources and therefore a period when there will be the greatest pressure on OPEC not to restrain production unduly," the report says.

The international implications of restraining UK production at that time in relation to the country's partners in the Organisation of Economic Co-

operation and Development, and producers in the Organisation of Petroleum Exporting Countries must be considered.

Mr. David Howell, Energy Secretary, has said he will adopt a flexible approach to depletion, although he has indicated he wants to fatten the hump of potential surplus production capacity in the 1980s.

With this in mind, he has announced that he is considering delaying the development of British National Oil Corporation's Clyde Field—in which Shell has an interest—and Phillips Petroleum's Tiffany/Theima/Toni complex of reservoirs.

Mr. John Raisman, Shell's chairman and chief executive, announced on Thursday that his company forecast that the off-

shore oil and gas industry would spend £60bn over the next 15 years on developing fields on the UK Continental Shelf.

In the discussion document the company states that whether or not production is restrained in the 1980s, self-sufficiency for the 1990s will be attainable on the predicted potential reserve base only providing there is a substantial increase in exploration and production activity.

It was in the country's interest to build up and sustain a major self-supporting British oil industry. "Any policy of production restraint must not hinder this."

Shell reckoned that between 1983 and 1985 North Sea operators could be producing between 400,000 and 600,000

barrels a day more than the UK oil consumption level. A reduction of 500,000 b/d, at current oil prices, would reduce Government income by about £2.5bn annually.

The company emphasised the uncertainties of future North Sea oil production rates and pointed out that deferment of development projects—one of the depletion tools available to the Government—would involve a long interval between decision and effect. (It can take several years to develop a field.)

As a result, Shell suggested that other depletion measures, such as leaving the Government's royalty oil in the ground, would provide more flexibility, if it was felt necessary to restrain production levels.

## More funds for energy research

THE GOVERNMENT has awarded contracts worth a total of over £250,000 for wave energy research, and has increased the annual budget for the wave power programme. Mr. John Moore, Minister with responsibility for renewable energy, said yesterday.

He said this year's allocation to wave energy would be £3.5m-£4m compared with £3m last year.

Under four new contracts, Edinburgh University gets £23,000 for work on spines and tank operation. Vickers gets £125,101 for work on oscillating water columns. Sea Energy Associates/Lancaster Polytechnic receive £186,550 for work on spines and mooring systems, and Sir Robert McAlpin is awarded £109,000 for work on the Bristol cylinder device.

Mr. Moore added: "We are under no illusions that the problems involved will be solved overnight. There are many technical problems to be overcome before commercial exploitation of wave energy becomes a reality."

● Diesel powered buses are likely to remain in use in London for the rest of the century, London Transport said yesterday. LT had started to investigate natural gas and other alternative fuels for later years.

## Aer Lingus to reduce winter air fares

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT

AER LINGUS, the Irish airline, in conjunction with British Airways, is to cut substantially the cost of flying between the UK and Ireland during the coming winter.

"Super-saver" fares to be introduced from November 1 will cut the normal Apex fare between London and Dublin from £86 to £55 return. The rate from London (Heathrow) to Cork will be cut from £75.50 to £65. The Heathrow-Shannon rate will be cut from £78.50 to £67 return.

These new cheap fares will require at least one Saturday night to be spent in Ireland, and will incur financial penalties if any changes in the bookings are made. They will not be available over the pre-Christmas period, from December 19 to 24.

● Over the past three years, a total of more than 1.16m passengers have flown on Laker Airways' Skytrain flights to New York, Los Angeles and Miami. The airline plans to start Skytrain services to Hong Kong on December 15, provided it is awarded the necessary route licence from the Hong Kong Government at hearings due to start on October 20.

● British Airways expects to start passenger and cargo services between Heathrow and Vancouver, Edmonton and Calgary in Canada in late April next year.

This follows the agreement between the UK and Canada announced earlier this week on a new air service deal between the two countries.

About 300,000 people travel annually between Britain and Western Canada, and BA hopes to capture about one-third of that market.

During next summer, BA will fly one non-stop service a week to Vancouver, two to Vancouver via Edmonton, and another to Vancouver via Calgary.

● Orion Airways, the airline subsidiary of Horizon Travel, is to increase its fleet of Boeing 737 jets from four to six, and will need to take on another 100 staff in readiness for next summer.

● Caribbean Airways, the flag airline of Barbados, will introduce new cheap fares between the UK and Barbados, if inter-governmental talks opening on Monday are successful.

The Barbados Government wants to bring fares down to correspond with the cheap rates available on other Atlantic routes. From November 1, the airline plans cuts of between 15 and 44 per cent, including a new tour-basing return fare of £200 in the low season and £240 in the peak period.

The cuts in economy fares will also be substantial. The proposed peak economy fare, of £250 single, will compare with £417 at present—a cut of 40 per cent.

## Fewer expected at Motor Show

By Kenneth Gooding, Motor Industry Correspondent

MRS. THATCHER will open the Motor Show in Birmingham on October 17, which this year coincides with a steep fall in UK sales of both cars and commercial vehicles.

The organisers, the Society of Motor Manufacturers and Traders, will spend about £250,000 to promote the show. The exhibition of three important new cars—the BL Metro, Ford's Escort and the Rolls-Royce Silver Shadow replacement—should help to lift attendances.

The society expects attendances this year to reach about 850,000, compared with the 1978 Motor Show record of 910,000, when there were complaints of overcrowding.

Faced with the prospect of a mass desertion by the commercial vehicle exhibitors—who in 1978 complained that their trade visitors could not get to see them—the society will restrict entry to the truck and allied industries exhibits, and the public will be allowed in only if there is room after ticket-holding trade visitors have been admitted.

The society is charging £5 on the opening day, £2 for subsequent days and £2 for car parking. This indicates that the cost of organising the show is about £1m.

## Bermuda talks focus on oil-price problems

BY PETER RIDDELL IN HAMILTON, BERMUDA

THE annual Commonwealth Finance Ministers' meeting may make no decisions but its discussions often provide a revealing indication of mood and attitude ahead of the International Monetary Fund and World Bank meetings.

This year it is clear that the balance of payments and financial problems of the low income countries will dominate debate in Washington next week, but the two-day Commonwealth meeting in Bermuda, which ended late on Thursday, showed that the discussions are unlikely to be along stereotyped north v. south lines.

There has been a recognition here that the distinctions are more subtle and that the

industrialised and low-income countries have a common interest in coping with the payments imbalances and slower economic growth caused by the second round of oil price increases.

Whereas once the energy issue was papered over at Commonwealth meetings, it is now discussed openly. Indeed, the Indian representative pointed out at one session that the impact of the rise in oil prices was equivalent to two and a-half times the value of concessional aid received by his country.

This view leads to an acceptance that the major immediate problem is how to mobilise the financial resources and surpluses

of the oil-producing states. The other side has been a general recognition that each country faces its own serious problems, and that this imposes limitations.

One Zimbabwean delegate, for example, noted that Sir Geoffrey Howe, Britain's Chancellor, had referred to the problem of UK unemployment, and that this would obviously limit what the UK could do to help other countries. A positive result of this mutual understanding has been the recognition of the desirability of continuing open trade and avoiding protectionism.

There were, of course, still big differences at this meeting. The final communiqué embraced widely contrasting views about

the role of the IMF and the World Bank, and particularly about overseas aid.

The familiar calls in the communiqué about the urgent need for more aid flows read somewhat strangely at a time when the UK has been cutting back its aid programme. Indeed, the sharpest criticism at the meeting concerned the UK's decision to reduce its contribution to the Commonwealth fund for technical co-operation.

Yet regular attendees at Commonwealth meetings feel that this conference was more successful than previous recent ones, in Montreal and Malta. "More realism and less rhetoric" was the common description.

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## LABOUR

## Post Office workers to study jobs report

By Nick Garnett, Labour Staff

BRANCHES OF the Union of Communication Workers yesterday received copies of the policy research report which predicts up to double the job losses estimated by Post and Telecommunications management over the next 10 years as a result of new technology.

The union is seeking responses from the shopfloor to the report—which predicts the possible loss of 40,000 jobs in those areas represented by the UCU—before the union's leadership begins drawing up a comprehensive statement on their attitude towards new technology.

That statement is expected to be presented to the union's annual conference next year and will follow debate within the union over whether it is necessary to have a unified overall strategy towards technological change which would include trade-offs sought by the union.

A 28-page union commentary issued with the report, which was drawn up by the Science Policy Research Unit at the University of Sussex, makes it clear that the UCU executive is disappointed in the report and does not accept some of its most important conclusions.

In particular, it does not believe some of the material on which it is based will prove accurate and that the research unit has not sufficiently taken into account job expansion opportunities arising out of new services.

The unit's report commenting on the 21,000 job losses predicted by management among grades represented by the union, argues that a further 15,000 could be lost as a result of electronic mail services and another 1,000 through electronic funds transfer. If optical character recognition is brought into service this could result in a further 3,000 jobs lost by the end of the decade.

The report suggests union co-operation with management should be linked to agreements on maintaining manning levels, reducing hours, retraining, better leave and improved pay above normal increases.

The union commentary, produced by a sub-committee of the executive under Mr. Alan Tiffin, the union's deputy general secretary, says the union is in a strong position to prevent any *fait accompli* by management on new technology.

## Nestle to drop Keiller in chocolates-only move

BY ANDREW FISHER

NESTLE, the Swiss based multinational food group is leaving the sugar confectionery and preserves business, and restructuring its chocolate output in a move affecting nearly 800 jobs in Britain.

The decision, taken by the UK management, is a result of declining demand against a background of UK economic recession and higher Value Added Tax. It will mean the sale or closure of the Keiller of Dundee subsidiary, where 320 people are employed.

On the chocolate side, up to 250 jobs will go at the factory in Hayes, Middlesex. This is Nestle's largest plant in Britain and has a workforce of 1,500 people producing both chocolate and coffee products.

Keiller, famous for its marmalade, butterscotch, toffees, and boiled sweets, has been apart of Nestle since 1961 when it was acquired as part of Crosbie and Blackwell.

Nestle's management has briefed a merchant bank on its hopes of selling Keiller, but it gave no details yesterday as to the prospects of a sale in the second half of 1981. "We would like to sell it as a going concern," the company said.

The group hopes to achieve the planned redundancies at Hayes early next year, the aim being to concentrate production on such top-selling chocolate lines as the Milky Bar and Dairy Crunch. Altogether, Nestle employs 9,000 people in Britain.

Earlier this month, Cadbury Schweppes announced a £125m modernisation plan for its chocolate and confectionery business, which would lead to the loss of 3,000 jobs by the mid-1980s.

Already this year, Cadbury has made 700 people redundant at Bourville, in Birmingham, where it employs some 7,000 people in one of West Europe's biggest chocolate plants.

The hardest-hit section of the market in Britain this year has been sugar confectionery, which has seen a fall in the volume of demand by about 9

per cent. For chocolate products, there has been a drop of 7 per cent.

Talks with trade union representatives on the Hays redundancies have already begun, with the first jobs due to disappear in January 1981.

Nestle, one of the biggest food concerns in the world, with its headquarters on the shores of Lake Geneva at Vevey, has warned that profits may be less satisfactory this year due to difficult conditions in many markets.

Last year, the group's net earnings partly recovered to SwFr 739m (£205m) from SwFr 739m in 1978, the peak year being 1976 when the result was SwFr 872m.

Although total turnover was around a tenth higher in the first seven months of 1980, at around SwFr 13bn, growth in sales prices, the company said, in volume terms, world sales of dairy products, frozen foods, coffee extracts, and drinks were slightly down.

The management has told the unions that the expansion of the Shots plant into a £30m factory, due to come into operation in 1983, will be cancelled by the cutback. The new building is complete, and machine tools are now being installed.

say that production is now 20 engines a day, compared to 35 earlier this year and 39 in 1979.

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## UK NEWS

## 'Bribery used over Ulster assembly'—Powell

By John Hunt, Parliamentary Correspondent

FLATTERY, false promises, bribery and blackmail are being used to establish a constitutional assembly in Ulster with the eventual intention of separating the province from Britain, Mr. Kenneth Powell (Official Ulster Unionist, South Down), claimed last night.

In a scathing speech Mr. Powell, a former Tory Cabinet Minister, delivered a

## More UK news, Page 20

savage attack on the Government's Ulster policy. But his strongest criticisms were for the Foreign Office, the highest ranks of the Northern Ireland Civil Service, and the Northern Ireland Office. It was they, he argued, who were behind the policy.

He told the Princetown branch of the Bangor Unionist Association that the aim of these people was to create in Ulster a political structure which would mark the province out as "not belonging" to the UK. It would "furnish a blower with which Ulster can be wrenched from its British base and thrown into the international melting pot to be snapped up by its enemies."

It was this objective which the Foreign Office displayed to the Irish Republic, to the U.S. Government and to the world as an earnest of Britain's "good intentions." The Foreign Office was "the inveterate enemy of Ulster as part of the UK."

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## Labour executive rejects union finance control

BY ELINOR GOODMAN

A SERIOUS rift between the Labour Party's National Executive and its paymasters, the unions, emerged yesterday at the pre-conference meeting of the national executive. Left and Right-wing members united to reject the unions' demands for greater control over party finance.

The executive was forced to concede that in the circumstances there was no chance of persuading the unions to agree to raise their affiliation fees to 50p per head in 1982.

Instead, the conference, starting on Monday, will be asked to approve an increase from 32p to 40p in affiliation fees. Urgent talks will begin between the party's finance officers and the unions about ways of improving the party's serious financial position.

The first of these meetings will take place in Blackpool tonight, with the party's treasurer, Mr. Norman Atkinson, under firm instructions from the executive to make clear to the unions that if they want a Labour Government they must be prepared to give the party more money. But there is absolutely no question of this money being accepted with strings.

At yesterday's meeting of the executive, an improbable alliance developed—of the party leader, Mr. James Callaghan, and Mr. Anthony Wedgwood Benn.

They joined in condemning suggestions from Mr. David Bassett, the general secretary of the General and Municipal Workers Union and chairman of the Trade Unionists for a Labour Victory, that extra political funds available from trade unions should be put together in a special fund under the control of union finance officers.

Mr. Callaghan, who will need the support of the unions to defeat the Left on the constitutional issues facing the party at next week's conference, said: "The self-respecting organisation would countenance such proposals."

The party, which in June was said to be moving into serious debt, desperately needs more money.

The party's Commission of Inquiry—composed of trade unionists as well as members of the executive—originally recommended the increase in union affiliation fees to 50p.

But since then some of the biggest unions have warned that they are not prepared to commit themselves to such an increase.

This month, Mr. Bassett wrote to the party on behalf of six unions, asking for the 50p increase to be dropped and suggesting instead that those unions who could afford it

would put a 10p a head levy into a special fund which would be administered and monitored by the trade unions.

Mr. Wedgwood Benn was so angry about this proposal for "drip feeding" the Labour Party that he suggested the executive should go to conference and get approval for the full 50p increase.

One trade union member of the executive warned, however, that if the executive did this they would not get any additional funds from the union, and the NEC was forced to concede that the most it could recommend to conference was an increase from 32p to 40p.

The clear message from the executive is that the unions will not be allowed to impose conditions on how any extra money is spent.

Christian Tyler adds: At tonight's meeting in Blackpool, the unions are likely to be just as adamant that the further contribution from them is conditional on their securing greater influence over financial management.

They may also demand that the executive reintroduce the three-year rule on Labour Party constitutional reforms, in order to have the present controversies finally settled at this conference. So far, this second demand has not been tied explicitly to the financial question.

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## Callaghan 'sets conference tone'

BY OUR LOBBY STAFF

MR. JAMES CALLAGHAN, the Labour Party leader, last night set out what he would like to be the tone for this year's Labour Party conference, with a full-blooded attack on the Conservative Government.

Speaking in Manchester, he acknowledged that next week's conference would inevitably debate the constitutional issues which have been threatening to split the party since the election.

But he insisted the real issue was not "constitutionalism but Thatcherism."

What the Labour Party should be doing was presenting policies a Labour Government could implement when returned to power.

Despite Mr. Callaghan's hopes, the constitutional issues seem certain to dominate the conference. At the end of the lengthy meeting, members put off a final decision on the precise method of electing the party leader they would recommend to conference in preference to the present system.

At this stage, however, it is fairly academic which form of electoral college the NEC backs, as next week it will hinge on the votes of the big unions.

The odds yesterday were still stacked in favour of Mr. Callaghan defeating the Left on both the proposed electoral college and demands to give the executive the final say on drawing up the manifesto.

But the calculation could still be thrown out if delegates are asked to vote on proposals for changing the system of electing the leader, which they have not discussed with their own union conferences.

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## THE WEEK IN THE MARKETS

## Dividends deferred

Last week GKN's dividend cut switched the equity market's attention abruptly away from the world stage and back to a minute examination of the forthcoming dividends list: this week, just as suddenly, the focus has returned to the Middle East. On the whole the reaction has been surprisingly quiet so far—gold has fluctuated with the dollar price, while oil has moved up to the peak levels of earlier this year, but there has been no panic. Clearly, though, all the markets remain extremely vulnerable to any hint that the conflict may be spreading further down the Gulf.

At home, the company news season limps along as before. A lot of distinguished corporate names are putting out decidedly ropey interim statements, but their dividends—many of them uncovered—arise surviving more often than not. The real decision will come in six months when the directors have to decide final payments.

Gilt-edged have had an uninspiring week, and the Government Securities Index is little changed.

## House calls

Three groups with big house-building interests reported this week—and told two rather different stories. Wimpey and Tarmac are both feeling the squeeze from the rise in mortgage rates and the fall in private sector house purchases.

## LONDON

ONLOOKER

But Barratt Developments is almost as breezy as ever.

Partly thanks to better weather, Wimpey completed and sold more houses in the first half of this year than it did in 1979. But there has been a distinct falling off in recent months, and for the year as a whole it thinks sales could fall from 11,500 to around 9,000 houses. The full impact of this decline will not be felt until 1981, which Wimpey thinks will be its most difficult year.

Tarmac also gained from better weather at the beginning of 1980, and it hopes to keep its sales at nearly 4,000 units this year. But although it expects to maintain its gross margins on these sales, its costs are rising fast. The group is having to spend a lot more on marketing its houses, and working capital is rising. This will help to push the group's overall borrowings up sharply this year.

Barratt Developments, by contrast, has pushed its pre-tax profits up from £18.2m to £24.8m in the year to June, and is promising to increase its dividend in the current year by a full 25 per cent. It is budgeting to build 11,000 houses in 1980-81, the same as last year.

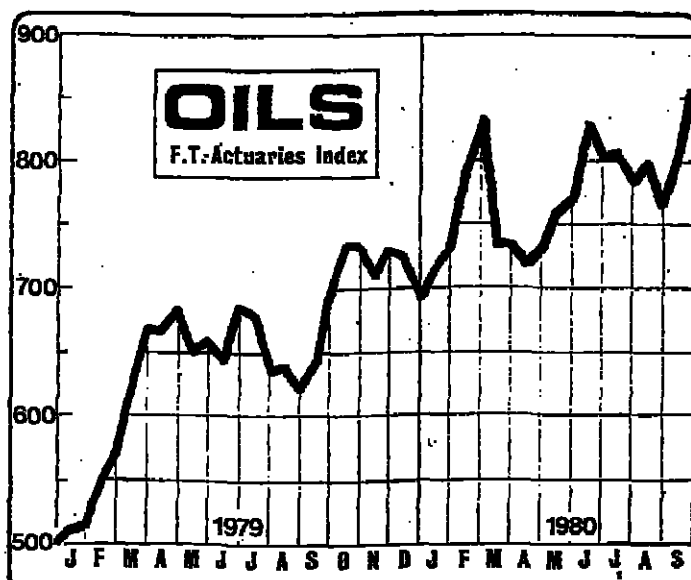
Not surprisingly, the stock market remains somewhat bemused by Barratt's gravity-defying performance. Although the shares have risen sharply this week, the prospective dividend yield remains well into double figures.

## Coral reefed

There has been plenty to ponder about this week for shareholders in Coral Leisure Group, soon to enter the more profitable fold of Grand Metropolitan. As expected, the company was stripped of licences for three of its lucrative London casinos following last November's police raids. Coral is likely to appeal—it has three weeks in which to decide—and can keep the clubs open in the meantime. Since the justices did not use their ultimate sanction under the Gaming Act of disqualifying the premises for up to five years, Grand Met could attempt to have the licences transferred to its name once its £83m bid goes through.

Hanging on the result of an appeal would be the fate of Coral's fourth London casino, Crockett's, and its provincial clubs. The three London operations for which its licences were cancelled on Wednesday were the Palm Beach, in which Grand Metropolitan owns a one-third interest as well as the freehold, the International Sporting Club, and the Curzon House Club.

Unlike Coral, and Ladbroke's



which is almost out of the casino business now, Grand Metropolitan's own gaming operations have not been subject to any objections from either the police or the Gaming Board. Grand Metropolitan's attitude to the Coral casinos is unclear as yet. With them, its bid would obviously look cheaper, but the group has tried hard in the past to limit its exposure to such a tricky and fluctuating industry.

The most eye-catching news to come out of Thursday's offer document on Grand Met's bid was the record £300,000 compensation to be paid to Mr. Nicholas Coral, chairman of Coral Leisure, if the bid goes through. Since both companies own a string of betting shops, the take-over could conceivably be hindered by a reference to the Monopolies Commission. Another key point is the future of Coral's Jack-Justice Centre Hotels division. Taj Hotels of India would like to buy two-thirds of it for around £27m. But Grand Met has had these talks stopped and offered to buy the hotels, if its bid for all of Coral fails, assuming someone else does not put up a higher offer for them.

## Dunlop battles on

Shareholders in Dunlop are probably as baffled as the tyre

manufacturer itself about the mysterious Malaysian stakes in the company but at least their presence will have reinforced the Board's determination to maintain the interim dividend in the face of difficult trading conditions and in the absence of distributable profits.

One of the Malaysian investors, Goodyield Plaza, has come out into the open and declared a 5.3 per cent interest, but local businessmen are now suggesting that other holders of upwards of a further 20 per cent could pool their stakes before disclosing their identities. Department of Trade inspectors have been sleuthing on the spot during the week and a report of their findings will probably be published in October.

In the meantime, the group is working hard to cut back fixed and working capital expenditure but it was not able to prevent a slight trading profit improvement deteriorating into a £3m interim pre-tax downturn to £15m.

Parts of the group are going reasonably well—German tyre profits are better as are the sports and industrial interests in Continental Europe—but it will take a considerable time before the industries connected to the UK motor trade can budget for strong growth.

## Still the show goes on

THE AUDIENCE is seated, the lights go down for the opening of a long-running Broadway musical, but instead of the band and the overture, the curtains open to reveal a new-caster, breathlessly and with increasingly difficulty trying to communicate an unstoppable flow of self-contradictory despatches.

That is how it seemed on the New York Stock Exchange this week. The long-running show, of course, has been the five-month rally which has taken the Dow Jones Industrial Average from the mid-700s to the mid-800s.

As that rally progressed, the big institutional money has started to move creating steady volume above the 50m shares a day mark and creating a sense of purpose in the market which has not been seriously dented by rising interest rates or worries about inflation and the economy.

But this week, the institutions, ever in search of a safe haven for their investments, found that the show had changed and really had no idea how to react. Perhaps the most remarkable day was Monday, when it first became clear that the conflict between Iran and Iraq had developed into full scale war. The Dow put on almost 11 points, reaching its highest point for over three and a half years.

On Tuesday, there were second thoughts and a 12.54 drop in the Dow. Wednesday came in neutral, Thursday the jitters set in and Friday, the morning after he Fed announced a 1 per cent rise in the discount rate, chaos prevailed.

It is not easy, in these conditions, to sort out which events produced which trends in the market, but it is important to try to do so on the grounds that, arguably at least, fundamentals about the economy have registered a decisive shift this week.

But leaving the economy aside for a moment, the market has also been trying to sort out

## NEW YORK

IAN HARGREAVES

its reaction to the Middle East war. The obvious one was that with less oil flowing from the region, the oil glut would dry up, prices would rise and the oil companies would benefit. Gulf Oil showed a gain each day of the week, from 38½ at the close last Friday to 42½ at Thursday's close. The sprinting oils were chiefly responsible for Monday's surge in the Dow.

For some other sectors, more expensive oil is a big negative. Airlines did badly and Delta, one of the financially stronger U.S. airlines, followed a reverse line from Gulf, falling from 51 to 46½.

Precious metals, meanwhile, which usually do well when the world is in flames, found the gold market curiously cautious about how far the flames would spread. The gold price hesitated later in the week and so did the precious metal stocks. Home-stake mining jumped from 87½ to over 107 on Monday, but had fallen back to 101 by Thursday.

Such simple analysis is not possible, however, for most other groups of stocks. The high technology issues, not exactly a monolithic group but a group which has generally been in god favour in the last month, ran out of steam and Mr. Michael Blumenthal, former Treasury Secretary, who was named chief executive of Burroughs on Thursday, somewhat earlier than had been expected, had the misfortune to see his company's share price speed its descent. It was down from over 70 to 62½ on the week.

The motors had a fairly stable week, in spite of dreadful mid-September car sales figures and a public expression of alarm by Mr. Lee Iacocca, chairman of Chrysler, about the dangers of higher interest rates. American motors, which strengthened its

ties with Renault, hovered around the six mark, Chrysler around 10.

As for the economy, calculations are bound to be cautious at this stage, but the decision of the Fed to use its bluntest weapon, the discount rate, to try to curb excessive monetary growth is certain to give a new push to other interest rates, with the prime moving half a point higher to 13 per cent yesterday and likely to go higher again soon.

This has happened just as economists were starting to concur that the recession has been over for a good few weeks, as evidenced in a spate of government economic indicators in that period.

But it is precisely in those eight weeks that interest rates have renewed their climb, undermining optimism in the key housing sector and posing a threat to Detroit as it enters its new model year.

If the housing start figures for September and the car sales for October look bad, as well they might, the prospects for any real economic growth in the final quarter would be seriously dimmed.

That is the most important question for the market to wrestle with next week, because it must make some estimate about the prospects for corporate earnings. It may well conclude for the meantime that a new President, whoever he is, a tax cut and an inflation-hardened public are good at least for another half year of self-delusory advance... in spite of Mr. Volcker's salvoes from the Fed.

If the market takes a longer view, the prospect in the next year is for an economic growth curve which will look more like the kind of straight line my four-year-old son draws.

## CLOSING PRICES

Monday	974.57	+10.83
Tuesday	962.03	-12.54
Wednesday	964.76	+2.73
Thursday	955.97	-8.79

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980	
	Yday	on Week	High	Low	
F.T. Ind. Ord. Index	481.0	-13.4	508.9	406.2	Bleak outlook for manufacturers
F.T. Gold Mines Index	499.8	+5.0	558.9	245.5	Despite Monday's leap of 54 pts.
Anglo-American Gold	453.2	+2.2	460	430.1	Higher bullion price
B.L.	24	+7	24	16	Concession to shareholders
BP	384	+22	412	320	Iran/Iraq confrontation
BTR	362	-16	389	208	Proposed £40m rights issue
Barratt Developments	168	+25	168	100	Good annual results
Beatson Clark	100	-24	152	100	Poor interim results
Brown & Jackson	92	-38	220	80	Interim profits slump
Camrex	29	+8	44	21	Recovery hopes
Cornell Dresses	76	+18	88	104	Renewed speculative support
Gratkin Warehouses	70	+18	110	50	Better-than-expected 1-year figs.
GKN	180	-11	279	178	Recent depressing int.
Hoskins & Horton	58	-30	112	58	Half-year loss, int. passed
Kear & Scott	75	+44	75	25	Hawley Leisure buy nr. 43% at 20p
Minorco	610	+142	690	326	U.S. buying
Stewart Wrightson	212	-28	242	168	Disappointing interim results
Sykes (Henry)	26	-9	65	26	Sharply reduced int. earnings
Tarmac	276	-21	296	183	Int. profits below expectations
Ultramar	440	+58	443	206	Bid speculation

## The bull that fled

GOLD and gold shares responded like bulls on the rampage at the beginning of the week to the news of the fighting between Iraq and Iran with the unnerving possibilities that this held out. The price of bullion jumped \$34 to \$711½ on Monday while the Gold Mines Index scored its biggest-ever rise on one day of \$41 to a record 558.9.

But then a strange thing happened. While the war between the two Middle East oil producers continued to rage, the bullion and share markets paused like a bull confronted with a five-barred gate and then they trotted away with hardly a whimper.

Bullion gradually slipped back to under \$700 at one time while the share price index steadily lost ground each day finally to lose more than it had gained on the mad Monday. "It was like it had never happened," said one of my sharemarket friends.

Does this mean that the price of gold is now less responsive to political upheavals than it was in the past? It rather looks this way. When you look back over the past few years it becomes apparent that the price of bullion has been more influenced by economic considerations, notably inflation.

At the same time, the growth in the amount of gold held in public hands has been such that sudden spurts in the price can trigger off a fair amount of profit-taking. Holdings of the one-ounce Kruggerand gold coins, for example, now total over 20m which is equal to a value of around \$20bn at today's prices. Then, of course, there are the big holdings of gold in other forms to be considered.

The market forces represented by all this bullion are only one factor pointing to the likelihood of more stable gold prices. Another is the attitude of the South African Government which also desires stability and which regulates the country's gold sales while, as I pointed out last week, the Russians may also prefer that the boat should not be rocked.

This being said, gold still looks to be in a basically rising trend because the underlying fundamental factors remain. Inflation is far from dead and could rise again in the U.S. if reflationary policies are followed there after the Presidential election while the supply of newly mined gold to the market seems unlikely to increase much in the near term at least, despite all the prospecting activity that is going on.

The move towards milling a higher proportion of the lower grade ore has resulted in extending the lives of the mines but it also means lower production of gold. South African output, which fell

3 tonnes to 703.3 tonnes last year could fall by a further 20 to 25 tonnes this year according to Mr. L. W. P. van den Bosch, vice-president of the Chamber of Mines.

At the same time, however, there is a great deal of effort being devoted to mining areas that were previously uneconomic at the lower gold

## MINING

KENNETH MARSTON

prices then obtaining. One of the latest exciting developments is the R400m (£221m) plan to mine the Erfdeel-Dankbaarheid area of the Orange Free State in conjunction with existing mines and further details of this are reported on another page.

A curiosity in the mining sharemarkets this week has been provided by the Anglo-American Corporation group's Bermuda-registered Minerals and Resources Corporation (Minorco). The company's major asset is a 28.4 per cent stake in the U.S. Engelhard precious metals refining and

base metal marketing group which is heading for another splendid year.

So, too, is Minorco but the prospects have been pretty well allowed for in the share price which on Monday was 480p, show a yield of just under 2 per cent. On the following day, however, it leaped 165p to 645p and at one time on Wednesday it touched 690p before succumbing to profit-taking. The movements puzzled everybody and could only be ascribed to U.S. demand.

But why did the Americans suddenly decide to buy? The answer is believed to lie in the U.S. practice of not selling. An American brokerage house will decide that a share is worth buying and instead of issuing a circular to clients, as is done here, a team of commission-earning salesmen springs into action and the telephones of potential buyers ring merrily.

If all goes well for the salesmen the sudden buying response can be remarkable in its effect on the price of a share. It has happened before and can happen again. It appears to have happened in the case of Minorco and holders might consider taking their profits before the buying enthusiasm fades away. The shares were 610p yesterday.

## TIN OUTPUTS COMPARED

	Aug. 1980	July 1980	Total to date (months)	Same period previous year
	tonnes	tonnes	tonnes	tonnes
Anal. of Nigeria (tin)	1	99	527 (4)	554
Anal. of Nigeria (cobaltite)	1	19	83 (4)	58
Aokam	83	114	197 (2)	276
Ayer Hitam	157	98	255 (2)	330
Berjantani	334	350	1,275 (4)	1,251
Bisichi Jantar (tin)	1	21	160 (7)	170
Bisichi Jantar (cobaltite)	1	30	196 (7)	218
CBM Sri Timah	504	681	620 (8)	556
Gevoit	45	120	429 (5)	437
Gold and Base (tin)	5	22	168 (7)	179
Gopeng	163	163	1,770 (11)	1,781
Kris	151	171	1,771 (8)	1,773
Kamunting	Nil	Nil	20 (5)	258
Killingball	1	1	1,801 (6)	1,811
Kinta Kellas	271	271	1,394 (5)	1,811
Kuala Kampur	18	21	113 (5)	123
Lower Perak	21	26	92 (4)	67
Malayan	262	251	513 (2)	663
Pahang	107	107	107 (1)	127
Pengkalen	51	71	146 (11)	220
Petaling	121	134	1,395 (10)	1,276
St. Piran	97	109	206 (2)	142
St. Piran—Far East	11	15	80 (5)	44
St. Piran—UK (South Croft)	116	149	790 (5)	728
St. Piran—Thailand	46	74	394 (5)	421
Southern Kinta	104	94	515 (5)	745
Southern Malayan	154	181	335 (2)	281
Sungei Besi	104	126	571 (5)	812
Tanjong	32	38	193 (8)	123
Tongkah Harbour	23	34	87 (2)	85
Tronoh	130	149	1,067 (8)	1,437

\* Figures include low-grade material. † Not yet available. Out-puts are shown in metric tonnes of tin concentrates.

Figures include low-grade material. † Not yet available. Outputs are shown in metric tonnes of tin concentrates.

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## FINANCE AND THE FAMILY

### Bank deposit interest tax

BY OUR LEGAL STAFF

My daughter works and pays tax in Spain, coming to the UK only for holidays. If she opened a deposit account in the UK, what would be the tax position?

Your daughter should be exempt from UK income tax on bank deposit interest, as long as she is regarded by the UK tax authorities as neither resident nor ordinarily resident here. If you ask your local tax inspector for a copy of the (free) booklet of extrastatutory concessions, IRI, you will find the full answer to your questions in concessions B13 (on page 5 of the latest supplement in the booklet: IRI (Supp) (1979)).

When opening a deposit account in the UK, your daughter should tell the bank that she is not ordinarily resident in the UK (for UK tax purposes) and formally request the bank not to report her deposit interest to the Inland Revenue (by virtue of subsection 4 of section 17 of the Taxes Management Act 1970).

We claim no expertise in the tax laws of Spain, but it appears that your daughter will be taxable there on her UK deposit interest.

transfer your husband's estate to transfer your husband's interest in these items to the beneficiary entitled to them under his will. Of course it will be made clear in the inventory that these items are included in respect of your husband's  $\frac{1}{2}$  pro indiviso share, only. Your interest will not form part of the inventory.

### Landlord and repairs

We have a flat that has been managed by an agent, and is let on a Regulated Tenancy. Could you advise who is responsible for minor repairs such as putting a new washer, or repacking the gland on a tap, freeing a halfvalve that sticks, or putting a new washer on it? The reason I ask is that the tenant had had according to the statements from the agent, and invoices, 5 new halfvalves to one toilet in six years.

Assuming that your tenant is on a periodic tenancy, the Housing Act 1961 (section 33) requires the landlord to be responsible for the repair of installations for (among other things) the supply of water and sanitation.

### Survivorship and an estate

I refer to your replies (August 23) regarding Survivorship and an estate, and the transfer of ownership of a bungalow to the survivor. My husband's estate consists of our bungalow and shares in joint ownership. He also held National Savings Certificates in his name only. The solicitor is drawing up a list for confirmation of all the property including items in joint ownership. Is this required by Scottish law?

Although your husband and yourself held the family home and certain investments in joint names the value of his interest in these items still form part of his estate and require to be included in the inventory thereof for confirmation purposes.

Confirmation is required firstly for Revenue purposes and secondly to entitle the executor appointed to adminis-

### Valuation list and rates

In March this year I was informed by the District Valuer that he proposed to increase the rateable value of my home and kennels (I run a quarantine kennels) by 75 per cent. Soon afterwards I was dunned by the local authority for the increased rates and on advice I agreed to pay them. Then I read your advice under "Confirming rateable value" (August 2), which caused me to write to the Local Authority to say that as the increase was subject to appeal I intended to pay at the old rate until the appeal had been heard.

I have now had a reply in which they say that they refer to the case of Newcastle-under-Lyme BC v B. Kettle Limited, and say that they

have a right to charge and recover rates in accordance with the valuation officer's proposal irrespective of appeal. What, please, do you advise?

The rating authority is entitled to collect from you the full amount of the rate based on the proposal which is currently being determined only where the rating authority has amended the valuation list consequent on the valuation officer's proposal. That authority arises under section 6(2) of the General Rate Act 1967. If a proposal has been made but the list has not been altered, you do not have to pay at the revised rate until the proposal has been adjudicated upon.

### Conditions of trust for sale

A lady of my acquaintance is leaving her house to her two children, but wants to ensure that her son can continue to live in it, and that her daughter could not exercise the trust for sale without his agreement. If the daughter were made executor and sold the house, even in breach of trust, would the sale be irreversible? Would it be better for the son to be executor as well? To ensure that the son can veto a proposed sale, would it be useful to have a promise in the will to the effect that the house is not to be sold during their joint will unless both consent thereto?

A sale by the executor would be irreversible if the purchaser had no notice of the terms of the will (as he should not). The executor would assent to the beneficiaries as joint tenants, and they will then automatically hold as trustees for sale. One trustee for sale can insist on a sale against the other's wishes if there is no special purpose to be served in keeping the property unsold. Here an express direction in the will not to sell without the son's prior written consent would prevent a sale being forced through. The execution of a conveyance or transfer on sale would have to be by both, so there is no question of a sale by one in breach of trust. The

provision which you envisage as to consent of both would also be effective.

### House on trust for sale

I am thinking of awarding a family "companion" by leaving my house and

contents to her for life, or as long as needed, and then to go without delay to a member of my family. Could you please tell me the best way of doing this?

There is no reason why you should not leave the house and contents on trust for sale (this is a technical requirement only) and to hold the proceeds of sale on trust for the companion for life, with remainder to the family beneficiary, giving a direction to postpone sale so long as the life tenant resides or wishes to reside in the house. But you would be wise to consult a solicitor as to the precise wording to be used.

### Systematic tax avoidance

I am concerned to take maximum advantage of tax exemption and 30 per cent tax capital gain, instead of income taxable at 30 per cent plus 15 per cent investment income surcharge over the exempt £5,000 per annum. My query related to the buying and selling of short dated (five years or less) Gilt Stock, is: (a) (i) If I buy short dated Gilt Stock and sell soon D after five months (or after 10 months having received interest payment assessable to income tax) I have a yield of the accrued interest plus or minus the price movement. Is this assessable to capital gain? (ii) I have done this once every tax year for several years in the context of a small range of other dealings in equities and it has always been accepted as capital gain, but is there a firm rule and can I deal in this way with a number of Gilt Stocks on a number of occasions in a tax year and be able to reply on all dealings being assessable to capital gain? (iii) Would it make any difference if I was not

dealing in equities? (b) If after holding a short gilt for over one year I sell some dividend is the yield of accrued interest plus or minus the price movement always accepted as assessable to capital gain? (c) Having sold a particular gilt stock is there a ruling as to what period of time must elapse before re-purchasing the same stock for it to be treated as a separate transaction unrelated to the previous dealing for tax purposes?

Tax avoidance is a risky game for someone who knows little of the tax laws. You may well find that trying to reap the expense of professional guidance through the minefield of anti-avoidance legislation proves to have been a false economy.

The answers to your questions are as follows, in broad terms: (a) (i) Yes, but that does not preclude an income tax assessment under section 30 of the Income and Corporation Taxes Act 1970 as well. (ii) No, assessment to CGT does not preclude assessment to IT under section 30 as well. (iii) No, section 30 would apply

regardless of whether you bought and sold equities (and equities may themselves be caught by subsection 6(b) of section 30). (b) No, the gain should be exempt from CGT, under section 87(1) of the Capital Gains Tax Act 1979, but the sale may be caught by section 30 of the Taxes Act. (c) If you are talking about establishing a CGT loss, the answer is a calendar month, generally speaking, under section 70 of the CGT Act, but we really do not understand what you have in mind.

In embarking upon systematic tax avoidance, your first step must be either (i) to seek professional guidance or (ii), if you decide to go it alone, to spend an hour or so in a public reference library with, say, the British Tax Encyclopedia or Simon's Taxes, starting with a thorough reading of section 30 of the Income and Corporation Taxes Act 1970, as amended (in volume 1 of the Encyclopedia or in volume G of Simon's). It is unwise to rely upon anyone's paraphrase of section 30, or any other anti-avoidance legislation, without reading and rereading the actual words of the legislation.

## Be a reasonable man

### INSURANCE

JOHN PHILIP

DOES AN error of judgment amount in law to negligence, so that compensation for injury or damage must be paid?

Because English liability law has developed the concept of the reasonable man, and because in the cases before them the judges have decided that the reasonable man, in practice, never makes a mistake, the usual answer to my question is "Yes, anyone who makes an error of judgment is liable to make compensation."

In everyday life this is probably good sense. Take for example road accidents. The majority can be said to arise from errors of judgment, rather than carelessness or recklessness. No one disputes that the average motorist, making an error of judgment, should be liable to pay compensation for the injury or damage he causes. However, there is one rule for motorists, who might be termed the ordinary man and woman at the wheel, and another rule for the medical and surgical professionals who attend to physical needs. Recently the Court of Appeal in the case of *Whitehouse v Jordan* ruled that an error of judgment on the part of a doctor was distinguishable from professional negligence: while for his professional negligence the doctor would be legally liable to pay compensation, for his errors of judgment, he would not.

The distinction between an error of judgment and negligence is a fine one, and whether a particular act or omission constitutes one or the other must, in any dispute, be for the judges to determine. But so long as the Court of Appeal judgment stands there are bound to be some medical professional negligence claims where the victim fails to get compensation.

To this extent English law is moving in a direction different from the law in most of the U.S., where in medical malpractice claims the victim is virtually assured of success. Many of our medical men, knowing how legally difficult a doctor's life has become in the U.S., reckon that English law holds a fair balance between patient and medical advisor.

This is fine from the doctor's point of view, but not so good from the viewpoint of the victim of medical error of judgment, particularly if that error has disastrous physical or mental consequences as in *Whitehouse v Jordan*, where compensation if payable, had been assessed at £100,000.

There can be only relatively few such cases, but the question is being asked, is there anything any of us can do, by way of buying private insurance, to ensure adequate compensation in the event of medical mishap, for which doctor or surgeon cannot be held legally liable.

Because there are only relatively few such cases, the answer to the question is "specifically, nothing". But there may be ways of ensuring some compensation under orthodox disability insurance covering accident and sickness, whether bought by way of an annually renewable policy or by way of a non-cancellable permanent health contract. Annual contracts can be

arranged to pay capital sums not only for death, loss of limbs and sight but because of permanent disablement, while both annual policies and PHI contracts provide weekly or monthly benefit during disablement, subject of course to policy time limits.

It seems to me that it can cost insurers little—and therefore extra "premium" should be negligible—positively to include cover for medical error within the terms of standard contracts. Indeed, some insurers will say the cover is there already, without need for positive mention. For anyone who advocates changing the law, it is worth recalling that two years ago was published the report of the Pearson Commission, which at

great length reviewed our law on civil liability and compensation for personal injury. Chapter 24 of that report, pages 280-291, of volume 1, dealt with medical injury and the commission decided that it "could not recommend the introduction of a no fault scheme for medical accidents in the United Kingdom."

Since the Commission's positive recommendations, particularly in the motor and employer's liability spheres, seem, by successive administrations, to have been put into cold storage, how much more likely is it that such a negative recommendation has been readily accepted. Legislative, as distinct from judicial change, is clearly most unlikely.

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THE M&G GROUP

## YOUR SAVINGS AND INVESTMENTS—2

Eric Short reports on a new idea in insurance marketing

## Putting Life into shopping

CAN LIFE assurance contracts be sold like cornflakes, baked beans or soap powder from the shelves of a supermarket? The selling side of the life assurance industry has up to now been extremely sceptical of the whole concept of mass marketing, though certain life companies have been experimenting with direct mail and newspaper coupon advertising.

But Tesco, the supermarket chain, is in the throes of an experiment to see if it can sell insurance in its stores. For mass marketing an insurance product needs to be simple to explain, easy to underwrite and be available to most sections of the consumer market. Anything complex is a non-starter. These requirements cut out 99 per cent of the insurance contracts at present on the market.

The product Tesco has chosen for its test launch is the Family Fortune Plan devised by the friendly society Family Assurance—a member of the Planned

Savings Assurance Group. This plan was launched early this year and described in these columns. Basically, it is a building society-linked savings scheme, with the premiums invested with the Abbey National Building Society after a deduction for life cover and expenses.

Because it is a friendly society contract, it is available only to married couples, or single persons with child dependants. Only the return of premiums is available on cash-in before the end of the ten-year savings period.

The scheme is described in leaflet form, setting out the pros and cons in layman's language. The changeover in the method of giving tax relief as a credit has been of positive benefit to mass marketing. One simply needs to state that the investor gets this benefit.

Tesco launched its plan at the beginning of the month at nine stores around Britain—includ-

ing Finchley, North London, Stevenage, Herts, Pitsea, Essex, and Scarborough, North Yorkshire.

Shoppers at the selected stores will see a bargain sign on the hanging cards over the check-out points and in widely-scattered "shelf talkers"—little cards attached to the shelves directing people to collect explanatory leaflets.

Some people are compulsive leaflet-takers and since this scheme is not available to all consumers, Tesco has printed mini-leaflets setting out the main theme. The main leaflets, with the proposal forms are kept at a stand behind the check-out points.

The proposal forms are posted to Tesco Savings, which is managed by Chesham Hill, Tesco's insurance brokers.

The policy, like baked beans and any other Tesco product, will benefit from the "check-out" scheme. Persons taking out a Family Fortune Plan will

receive a £5 voucher. If the scheme proves successful, Tesco will extend its sales to all stores. A decision will probably be taken by the end of next month, although Tesco is flexible on this point.

So where does the market go from here? Even if this scheme is successful, it is difficult to see Tesco expanding the range of insurance products sold on its shelves. One can only think of certain simplified life protection policies, such as those sold by Lloyd's Life and now Sun Alliance, through newspapers.

It must be remembered that certain department stores offer insurance sales at the counter for interested customers. But this is not mass marketing as such. The service is given in the same way as holiday travel is offered in these stores.

The desk is manned by persons with some insurance training and a whole range of products is offered and advice



given depending on the consumer's requirements. But all these marketing experiments are merely scratching the surface compared with developments in Australia. Scottish Amicable is negotiating to sell insurance through David Jones, a major chain store in New South Wales.

Under the scheme, the insurance company would contact all the customers on the store's credit list. Those who took out insurance would have the premiums paid by the store direct to the life company and the store would recoup the premiums from credit arrangements.

## The final hurdle

THE 15,000 UK holders of Rhodesian bonds are now approaching the final hurdle and they will be well advised to look carefully before making their leap.

Formal offer documents from the Government of Zimbabwe were posted off this week and those who thought they were in for a bit of light reading will experience a rude shock. The terms and the tax considerations are, to put it mildly, highly complex.

Details of the offer were first made public last month. This followed protracted negotiations during the summer between the newly-emergent Zimbabwe Government and the Council of the Corporation of Foreign Bondholders, representing holders of the 12 publicly quoted Southern Rhodesia stocks. No interest payments or capital redemptions have been made to UK residents since UDI in November 1965.

Judging by the reaction of the stock market and the squeal over burnt fingers in Throgmorton Street, the terms of the settlement were a disappointment to many speculators. But while the offer in no way compensates original investors for their loss, most observers now accept that the Council of Foreign Bondholders extracted the best deal in the circumstances.

As Mr. Michael Gough, secretary general of the Council, points out: "When we first met the Zimbabwean Ministers they felt their only obligation was

### RHODESIAN BONDS

TIM DICKSON

to pay off the outstanding interest and capital arrears. They had no intention of paying any extra interest on stocks which had passed redemption or on the money which they have now agreed to pay back over eight years."

Bondholders have an opportunity to untangle these terms, which broadly speaking are a mixture of cash and new stock. The first thing to establish is your entitlement amount, which comprises three separate parts: first, any capital not repaid; next, any interest (excluding the first unpaid instalment on each of the stocks due after November 21, 1965) not paid up to the maturity date; and finally, an additional amount, equivalent to about 5.6 per cent (simple) per annum on the capital, in respect of periods from the maturity dates up to June 30, 1980. The exception here is the 6 per cent stock 1976-79 for which this additional amount is equivalent to 6 per cent (simple) per annum.

Thus anyone who holds £100 nominal of the 21 per cent stock 1965-70 is entitled to the £100 principal plus interest arrears of £66.17, making a total of £166.17. A holding of £100

nominal of the 3 per cent stock 1971-73 is worth £162.31 (£100 plus £62.31).

Once these sums have been worked out it is not, alas, just a simple question of receiving a cheque through the letter-box. The Zimbabwean Government says it can afford to pay off only £11m at the moment, with the rest (some £80m) to be paid back in half-yearly instalments over eight years.

Assenting holders will therefore receive two cash payments, the first (amounting to 14.4 per cent of the Entitlement Amount) to be paid immediately on acceptance and the second (amounting to 1.28 per cent of the Entitlement Amount) on or after April 15 next year.

The balance (i.e. 94.07 per cent of the Entitlement Amount) will be satisfied by the issue of new Zimbabwean stock. The annuity entitles the holder to 16 equal, consecutive, half-yearly payments, the first to be made on April 15, 1981, the last to fall on October 15, 1980. Interest will be paid on the outstanding amount at a rate (simple) of 10.25 per cent per annum.

The best way to understand this is to think of yourself (the bondholder) as a building society lending money to a housebuyer. As the eight years progress the payments back to you comprise an increasing amount of "capital" and decreasing amounts of "interest."

The example given in the offer document shows that someone whose annuity capital (that is the entitlement amount left after the two cash payments) is £537.10 will receive equal half yearly payments of £50 for eight years. Suffice it to say that there will be plenty of number crunching for the registrars.

Holders of current stocks (that is the four which have not yet reached maturity) will receive their interest arrears in the same way while interest payments will be resumed.

Finally, a word about the tax you will be expected to pay, a thorny problem which has occasioned lengthy negotiations with the Inland Revenue. Basically, the Government is playing everything right by the book so that bondholders will be expected to pay income tax immediately interest arrears are received and capital gains tax on the capital element.

The capital portion of each annuity payment is, for example, seen as a part disposal. The only concession which the Inland Revenue has granted is a tax free roll over from the old bond to the new annuity. The important thing to remember is that the element of the cash payments and the annuity which relate to interest arrears will be treated as income and paid net of basic rate tax. Sharp gains were recorded on most of the 12 Southern Rhodesia stocks as investors reassessed the political risk involved. This, however, is still clearly an important factor as the high redemption yields (well over 20 per cent generally) illustrate.

The big question now is to decide whether to assent (i.e. accept the offer and the annuity) or sell your bond unassented in the market. Anyone who pays little or no tax should certainly assent and take the money and half-yearly payments as soon as possible.

Even this, however, is complicated since the Inland Revenue has decided that the amount of income tax which can be reclaimed by gross funds or non-taxpayers will depend on the market price of the annuity at the time it is issued, not on the par value.

Higher rate taxpayers are probably best advised to sell their bonds non-assented in order to establish a capital gain or loss. Jobbers are already making a market in these stocks. The price in theory should reflect the cash payments, the value of the annuity and an estimate of the tax which can be reclaimed.

At this stage the market is highly confused, so individual bondholders can be excused for feeling bewildered. Expert advice in this case is absolutely essential before deciding what move to make.

## A sweeter taste

LIKE MANY arcane forms of gambling, traded options, which carry the right to buy or sell shares of a company at a set price by a set future date, are an acquired taste.

Although the London Traded Options Market has been operating for more than two years, a leading broker in this trade estimates that only about 3,000 investors are regular participants.

The Stock Exchange, which sponsors the market, reports that volume has recently passed the 1,200 contracts-a-day break-even point.

The main reason offered for the slow growth of the traded options market has been the pervasive capital gains tax treatment applied by the Inland Revenue.

The Government cleared away one tax obstacle in the Finance Act last April. And this week the Stock Exchange altered its dealing procedure so that the remaining tax problem could also be solved by the Finance Act changes.

Mr. Nicholas Goodison, chairman of the Exchange, called the latest move a "very significant" step towards a major increase in activity in traded options.

The main tax problem until this year was that an option was regarded as a wasting asset whose value, for tax purposes, declined on a straight-line basis until its expiry date.

However, an option on shares of a company may decrease more slowly than the straight-line trend, depending on the movement in the value of the shares and an investor could then end up paying tax on a

loss. For example, an investor might buy a three-month option for 100p and decide to sell it a month and a half later at the prevailing market price of, say 80p.

In the Inland Revenue's view, he was then deemed to have made a profit (on the notional 50p value at the midpoint of the option's life) whereas in fact he had lost 40p.

As a result of the change, which became effective on April 5, the full cost of buying an option is allowable in computing the gain which may arise on selling it. The full cost may also be claimed if the option is simply abandoned as worthless at expiration.

The remaining tax problem arose because the writer (or seller) of a traded option may decide at some point during the life of the option that he wants to "close" the position. In other words, he buys an option carrying the "same" terms so that it will at least nullify the potential sale of shares required by the option he wrote.

For example, suppose you hold 1,000 RTZ shares and you don't think the shares are going to move much, but you don't want to sell. You could write an option to sell them in three months at the current price. (So far, the Exchange permits the writing of options to buy shares, so-called "call" options; only options to sell are called "put" options.)

Someone else who thinks RTZ shares will increase in value may decide to pay you £10 for the option. If the shares

don't rise in value, he will not exercise the option and you keep both the £10 and the shares.

If they do rise significantly during the life of the option, you could protect your shares by buying an option to purchase the same number of RTZ shares on the same date.

Until this week, the practice of the options clearing house has been to cancel such pairs of options from its list, because the liability of the writer to deliver has been removed.

However, in the view of the Inland Revenue, there was no relation between the two offsetting options and so the cost of one was not allowed to be set against the gain on the other for capital gains tax purposes.

As of last Wednesday and with the agreement of the Inland Revenue, the clearing house will maintain such pairs of options on its list until they expire. Thus, they will be deemed to have been abandoned and so the cost of one can be set against the gain on the other under the new provisions in the April Finance Act.

The Stock Exchange is confident that the volume of traded options will rise quickly in the next few months, perhaps to 5,000 contracts a day within a year, according to one broker.

The Exchange also plans to add five companies to the current list of 18 on whose shares options are traded. And next spring it hopes to introduce "put" options.

Ian Rodger



The ending of exchange control now gives the British investor the freedom to invest overseas in any market that affords particularly interesting growth opportunities.

And in the opinion of Brown Shipley, one of Britain's oldest and most-respected merchant banks, there's no need to look any further than the other side of the Atlantic.

**LONG-TERM REVIVAL.** Although America has experienced a sharp recession, there is every reason to expect that Wall Street will give long-term investors appreciable capital growth opportunities. The U.S. remains one of the world's leading industrial economies with its own natural resources and significant high-technology growth industries such as electronics and oil services. And, of course, the U.S. political system is not only stable, but favours free enterprise and private investment. Even the energy crisis is being tackled now in a determined way.

Wall Street has been rising for several months, anticipating the end of recession, but many U.S. stocks remain undervalued by historic standards. Brown Shipley therefore believe that now is a good moment to buy, especially as they expect the pound to weaken against the dollar at some point. Furthermore, as the U.S. election is only a month away, the market is likely to be volatile, affording Brown Shipley opportunities to buy stocks on any market setbacks.

**EXPERTISE.** Clearly investing to effect in North America is hardly something that the average investor could confidently undertake without specialist advice. It takes the expertise of investment managers who have a proven track record in selecting a broad-based portfolio of equities that have above-average growth potential.

The Brown Shipley North American Fund is one example. This fund has consistently been one of the top three performing North American Funds over the last two years. The offer price of units has risen by 45.6% since February, 1977, compared with a rise of 4.6% in the Dow Jones Index. The net income distributed to unit-holders over the same period has increased by 72.5%. And at the latest offer price on going to press of 28.1p, the estimated gross yield will be 2.5%.

Although Brown Shipley cannot guarantee the performance of its Fund there is every likelihood that if the investor acts now he will take advantage of the temporary strength of sterling and any special buying opportunities in this Presidential Election year.

Remember the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

TO BUY UNITS: Complete this application form and send it with your cheque to Brown Shipley Fund Management Limited or telephone 0444 58144. Certificates will be sent within 28 days of receipt of cheque.  
A management charge of 5% is included in the offer price of the units. A half-yearly charge of 5p (1.4% plus VAT per £100 value of the Fund) is deducted from the Trust's income. These charges cover administration expenses, fees to the Trustee and includes remuneration paid to qualified intermediaries; rates available on request.  
TO SELL: Sign the back of your certificate indicating the number of units you wish to sell and return it to the Managers. Settlement will be made within seven days on the bid price ruling when your instructions are received. You may keep a regular check on the prices and yield of your units by consulting the financial pages of national newspapers.  
INCOME: Distributions are paid twice yearly — 15th August and 15th February.  
FORMATION: The Trust Deed made between the Trustees and the Managers is dated 1st November 1964, as amended by Supplemental Deeds.  
TRUSTEE: All securities purchased on behalf of the Trust are held by TRUSTEE All securities purchased on behalf of the Trust are held by The Royal Bank of Scotland Limited.

The Fund is a wider range investment under the Trust Investments Act, 1961, and is authorised by the Secretary of State for Trade. The Managers are members of the Unit Trust Association.

**APPLICATION FORM**

Brown Shipley Fund Management Limited, Harlands House, Harlands Road, West Sussex, Telephone 0444 58144.  
I/We wish to invest £ in Units of the Brown Shipley North American Fund at the price ruling on receipt of this application. My cheque is enclosed. (Minimum initial application £250.)

I/We declare that I am/we are over 18.

SIGNATURE(S) (IF THERE ARE JOINT APPLICANTS ALL MUST SIGN AND ATTACH NAMES AND ADDRESSES SEPARATELY.)

DATE

SURNAME

(MR, MRS, MISS OR TITLE)

FORENAMES

(IN FULL)

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PLEASE USE BLOCK LETTERS

Please send me details of your monthly savings plan. (0444 58144)

Units cannot be registered in the names of minors, but designated accounts may be opened on their behalf as follows: An adult's full name (including initials) and — Example: John Smith (W.A.S. a/c). This offer is not available in the Republic of Ireland.

**Brown Shipley North American Fund**

## Gartmore Gilt Trust

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The aim of this Trust is to provide investors with a high level of income, paid quarterly, together with a measure of long-term capital growth, from a managed portfolio of UK Government Stocks (Gills).

**Why Invest Now?**  
As many of those involved in manufacturing and retailing are aware, real economic activity has fallen and shows little sign of picking up. One financial area that can benefit from this recession is the Gilt market.

Throughout the recession, the authorities have held interest rates at high levels as part of their strategy designed to improve the outlook for inflation. There have been many problems, not least of which have been those associated with measurement and control of the money supply, and there may be further problems when the public sector wage round is faced.

However, we feel that the Government's policy may deepen the recession and eventually lead to a sharp fall in interest rates, thus adding to the attractions of the Gilt market.

After the close of this initial offer, units will be available at the daily quoted offer price. Applications will be accepted by cheque and will be forwarded within a week. You can only purchase units on a one lot basis (the minimum lot price) any dealing day. Priced units are quoted in the financial pages of national newspapers. Units will be issued when the Managers receive your request for units.

The Trust is established and administered by a Trust Deed dated 19th July 1978.

Income is distributed quarterly on 1st January, 1st April, 1st July and 1st October each year. Distributions are paid after deduction of income tax at the basic rate. The first payment will be 1st January, 1981. Income has been declared from the Inland Revenue if you are entitled to do so.

**Application for Units in**

**Gartmore Gilt Trust**

The Gartmore Fund Managers Ltd., 25, Mary Ann, London EC2A 4ER. Telephone: 01-426 6124.

(Read No. 222222. Read address above)

I/We should like to invest

£ in Gartmore Gilt Trust Units at the offer price ruling on the date of receipt.

I/We enclose a remittance, payable to Gartmore Fund Managers Ltd.

Tick Box:

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☐ For details of how to buy units via the Moneybuilder Plan.

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**12.2% p.a.**  
Estimated Current Gross Yield

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Gartmore Fund Managers is a subsidiary of Gartmore Investment Limited, an international investment organisation, whose main business is portfolio management for its diverse institutional and private clients. Total group funds under management exceed £750 million.

Our experienced team of managers has successfully run similar Gilt-based funds for a number of years. The same team will undertake the investment management of your Trust.

**How to Invest**

You can invest a lump sum of £200 or more, or as little as £25 through the Gartmore Moneybuilder Plan. Please complete and forward the coupon below.

For your guidance, the offer price of Gartmore Gilt Trust units on 26th September 1980 was 26.2p, with an estimated gross yield of 12.5%.

Remember the price of units and the income from them can go down as well as up.

You should regard your investment as long-term.

The Trust Deed provides for a change of 5% in the offer price. However, it is the Managers' intention to make only a 5% change.

Units are issued on a one lot basis (the minimum lot price) any dealing day. Priced units are quoted in the financial pages of national newspapers. Units will be issued when the Managers receive your request for units.

The Trust is established and administered by a Trust Deed dated 19th July 1978.

Income is distributed quarterly on 1st January, 1st April, 1st July and 1st October each year. Distributions are paid after deduction of income tax at the basic rate. The first payment will be 1st January, 1981. Income has been declared from the Inland Revenue if you are entitled to do so.

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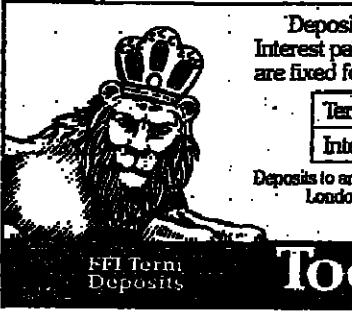
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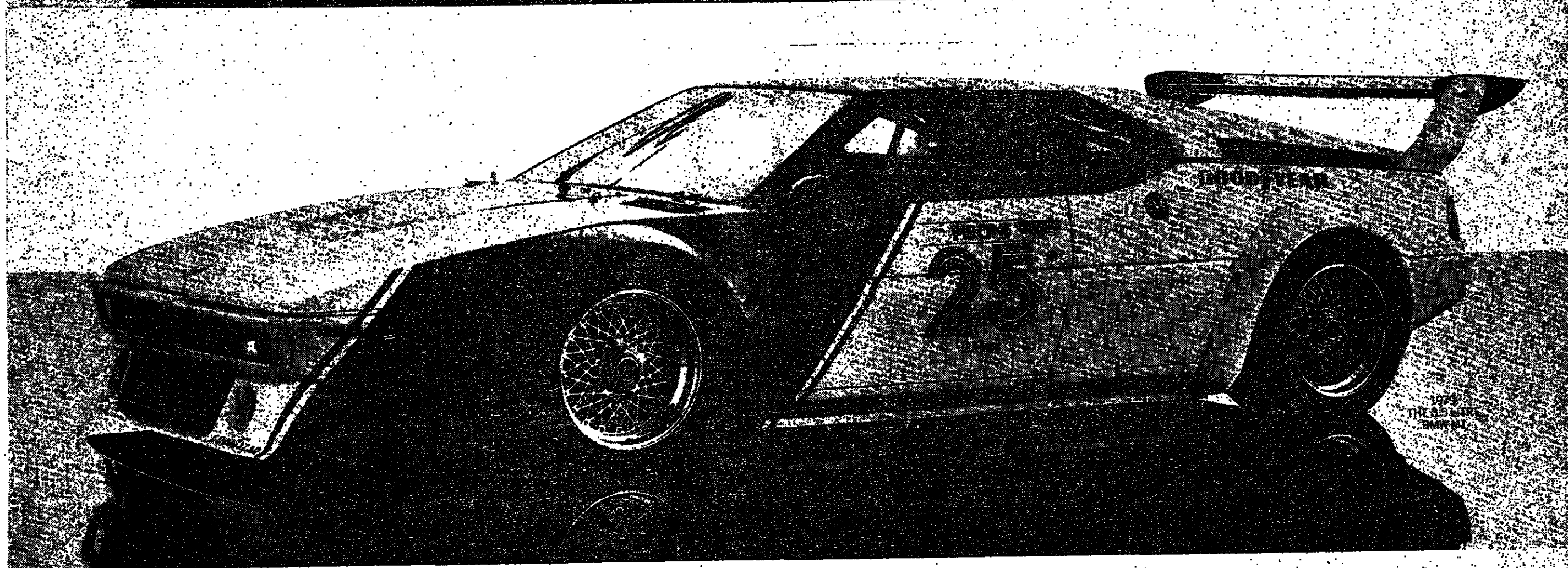
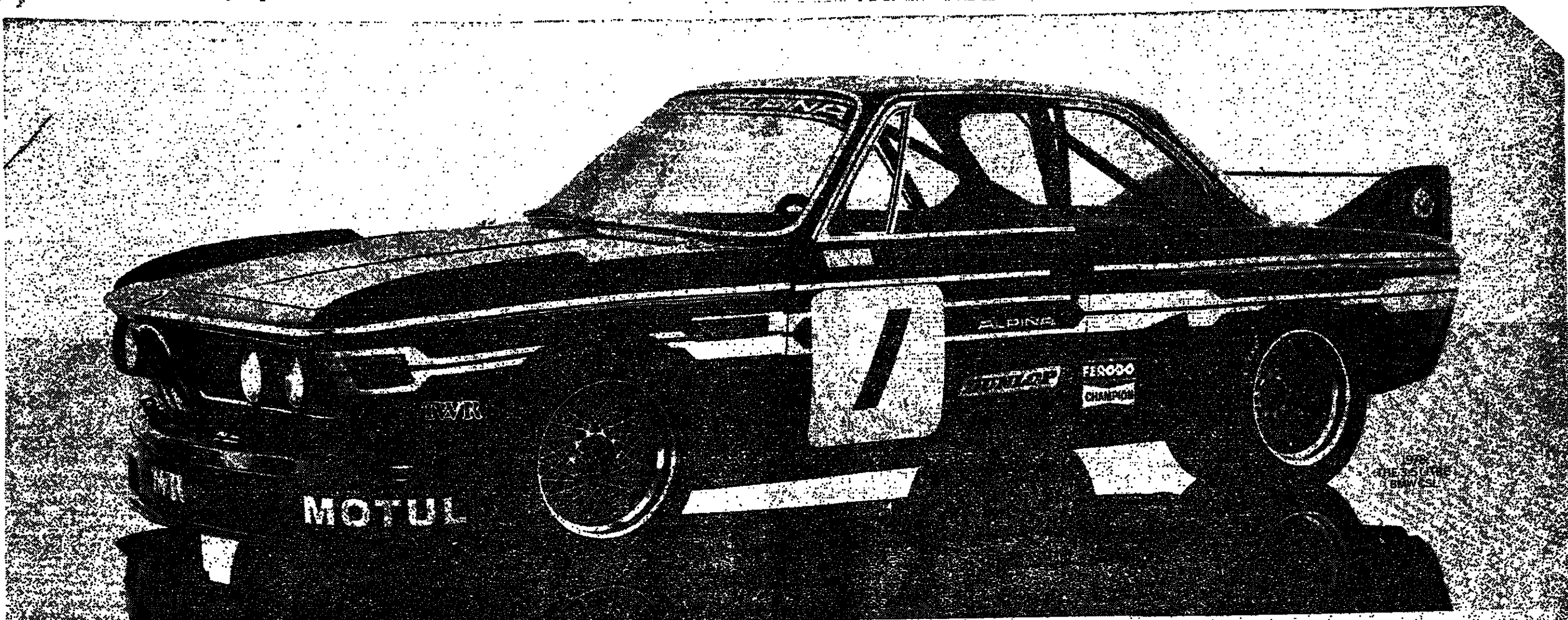
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## BMW's RACING ENGINE IS NOW AVAILABLE TO A WIDER PUBLIC. BUT NOT MUCH WIDER.

The engine in question has quite a pedigree.

In the CSL coupé it helped BMW win the European Touring Car Championship four years in a row.

It was a performance, however, only really appreciated by racing drivers like Niki Lauda, Jacky Ickx and Hans Stuck, who discovered how, with this engine, they could beat even 5 and 7 litre rivals.

Then, for the M1 racing car, the engine was developed still further. So, ultimately, it could produce 800 bhp from its six cylinders.

It first raced last year in the Pro-Car Championships. But, again, this was a

pleasure restricted to racing drivers like Clay Regazzoni, Nelson Piquet, Jacques Laffite and Alan Jones.

It seemed, however, that it was selfish to restrict such an engine just to the race track.

So a 140 mph road version of the engine was developed for the 635 CSi coupé.

And its high speed performance is now accompanied by a remarkable low speed docility. If asked to, the vehicle will trickle along without protest at 1500 rpm in any gear, and then pull away cleanly and strongly as soon as you open the throttle.

But its racing origins clearly show

when the car then is flicked, flat-out in second or third, through S-bends so close and difficult that they demand the very best of car and driver.

The 6 Series Check Control System ensures that the car is able to give exactly that: just press the test button before you drive off and seven key functions of the car are electronically checked.

As for the driver, this BMW's biomechanical design makes the most of his skills.

The driving position, for example, can be optimised by adjusting the seat for height, tilt, reach and rake.

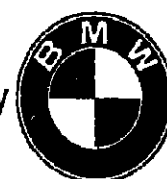
And the controls and instruments are carefully sited to minimise the time gap

between reaction and action.

All in all, rather than being a coupé version of a saloon car, the 635 is very much a car bred directly out of BMW's race track experience. (Witness the fact that a 635 has already won the first rounds of the 1980 European Touring Car Championship at Monza and Vallelunga.)

Alas, it's an experience no more than 595 people in Britain will be able to enjoy in 1980.

Our apologies: but we can't make our 635 CSi any faster.



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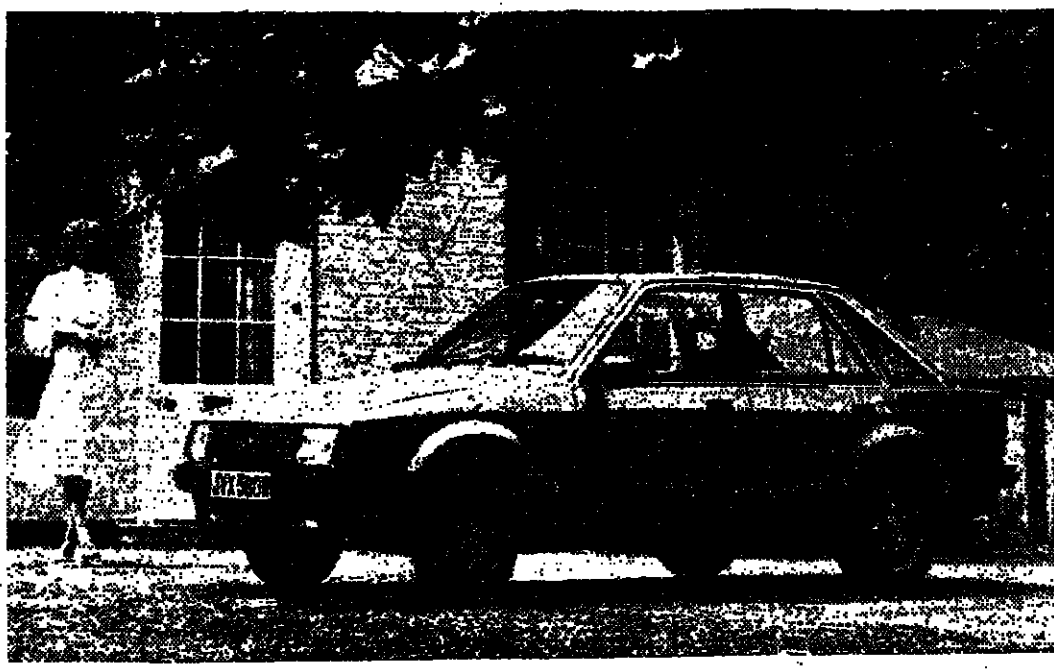








## MOTORING



The new, front-wheel drive Ford Escort GL. A stylish and refined package with an excellent performance.

## A sporting challenge

BY STUART MARSHALL

FORD'S NEW Escort, which I finally got my hands on last week (and not before time, if I may say so) lives up to most of my expectations, exceeds some and falls short on only one.

Let us get the bad news over first. The ride is not as good as it should be in a completely new front-wheel drive car with all-independent suspension. In the important 30-50 mph speed range, there is some quite sharp vertical movement which the seat springs—even on the dearer, better equipped GL model—aggravate rather than suppress. One notices it only on secondary roads. On the motorway, the Escort is fine, and on really bad tracks the suspension is as resilient and shock absorbent as anyone could reasonably want.

This minor problem apart, it is difficult to find fault with the Escort. And in any case, I suspect the joggle is something one learns to live with. The new overhead camshaft engine with hydraulic valve lifters that never need adjustment is as smooth as close to 80 mph in third as it is when pulling hard in top at well under 30 mph.

The Escort is so quiet. If you insist on taking the engine up to very high speeds in the gears, it will boom, though not disagreeably loudly. But a sensible driver will hardly be aware of engine noise at all and the transmission—gearbox and final drive—is virtually silent. That is far from the case with some other front-drive, cross-engined cars. The gearshift is positive,

the synchromesh unobstructive. The clutch is light and the brakes progressively powerful. Handling and roadholding are of a standard that will please the owner who regards a cross-country journey as a sporting challenge rather than a convenient means of going from A to B. The Escort rolls very little on fast corners. A few fast laps of a roundabout when no one was looking revealed that the rear end eventually drifted out, but so gently that easing the throttle was correction enough.

Everything I have written so far applies to the five-door 1.6 GL (£4,518) though the 1.3 L1 tried next felt little different. The main thing one noticed was that the smaller engine did not pull quite so hard at low revolutions and the maximum speeds in the gears were marginally down. But it cruised no less satisfactorily on the motorway. The seats looked less luxurious but were equally comfortable. The centre console was missing and the millimeter lacked a trip setting, which seems a cheese-paring kind of economy to make on a car costing over £4,000.

Continuing my descent down the range, I drove an 1100 L 3-door and, finally, a plain and simple Escort 1100, the model aimed in the main at the big fleet buyer. The ride was no different in the cheaper cars but the lower the price, the more acceptable the ride seemed. What one criticises in a £4,500 plus car seems less objectionable in a model that is between £700 and £1,000 cheaper.

Once again, the road holding, handling and silky steering impressed. There was a little more mechanical noise, because the 1100 engine is basically the same as the Ford Fiesta's and Ford's financial experts must have told the production men to cut down on the sound damping a little to save money. Even so, the cheapest £3,374 Escort struck me as a highly competent, value-for-money package.

These are really only some first and fleeting impressions of the new Escort. I cannot say how the fuel consumptions of the various models compare with each other or with the competition, nor how the new cars feel on a long journey.

All my driving was compressed into half a day in the Home Counties last week. I covered a little over 100 miles in four cars. It was all very different when the first Escort was launched in 1968. Then, having driven from Rabat the previous day, we rose before dawn in Marrakesh, scraped the ice off the windscreen, covered more than 350 miles of highways, dirt tracks and snowy mountain passes before a late lunch.

You really get to know a car on a drive like that. Still, I shall be returning to the new Escort next month and shall be driving it for a realistic number of miles. But, even on a brief first acquaintance, I am certain of one thing: the Escort cannot fail to be Car of the Year 1981.

## MOTOR CARS

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## Bob Hope, pros, birdies and eagles

BY BEN WRIGHT

WHATEVER THE golfing purists might say, the Bob Hope British Classic is proving a resounding success with spectators flocking in their thousands to the peaceful pastures of the Royal Automobile Club at Epsom. It has to be admitted that the main attraction this week is the presence of internationally-known stars from the worlds of show business and sport and not just the skills of the professional golfers.

Bob Hope, himself, is playing a starring role and his enthusiasm for the game and his influence in attracting a top-class field of sportsmen and entertainers will result in a considerable sum being raised for two charities close to his heart, namely the Stars Organisation for Spastics—which runs homes caring for people suffering from cerebral palsy—and a foundation which will create a "Theatre of Learning in Hope's much publicised home town of Eltham.

The new style 72-hole pro-am tournament has taken some three years to bring to fruition and has cost an estimated £500,000 to stage. Financial success was guaranteed even before the first ball was struck this week and if the perfect autumn weather holds good for the weekend there should be a record crowd. The whole accent of the tournament is geared towards enjoyment and even though there is a massive £100,000 prize fund on offer for the professionals there have

been no complaints about being distracted by the antics of their amateur partners. Rather the opposite. Most of the professionals, whose views I sought, were having a thoroughly good time and the fact that it was taking more than five hours to get round seems not to matter.

Indeed, many of Europe's top professionals said the fact that they were playing alongside amateurs helped to remove the usual pressures of competing for big money prizes. This week's £15,000 top award, not to mention valuable order of merit and Ryder Cup points, have hardly entered the dressing-room conversations.

In effect, there are two competitions running at Epsom, one for the amateurs contesting for some handsome Watford glass and the other for the professionals, who get the big cash prizes. The amateurs partner a different professional each day which adds to the glitter of the occasion.

Although the crowds have been huge for the past two days there have been remarkably few casualties from wayward amateur shots. Telly "Kojak" Savalas felled an 11-year-old boy by hitting him on the thigh with his opening tee-shot of the day and the youngster was carted off to the medical centre by ambulance. Within 10 minutes he was back on the course and watching his TV hero, who was full of apologies. The boy soon became a star for the day and loved every minute of it.

The lovely Rac course is a marvellous setting for a star-studded event and is certainly not too demanding as the scoring of the professionals amply demonstrates. The course has been tailored somewhat to make the tournament pleasurable for the amateurs with little rough and no long carries from the tee.

As might be expected, the professionals are cashing in with plenty of birdies and eagles and Lee Trevino forecast after Thursday's first round that a 72-hole total of 20 under par or better would be required to win Bob Hope's first golfing venture in Britain. Trevino is more than half way towards that target, adding a 5 under par 67 yesterday to his first round of 68 to share the lead on 11 under par with the exceptionally talented Bernhard Langer, of West Germany, Gordon Brand, a quietly spoken donor Yorkshireman, and the remarkable Brian Waites, Britain's most famous club professional.

Waites brought in a 65 yesterday afternoon achieved with the help of seven consecutive birdies in his last seven holes for an astonishing inward half of 29 to equal the European tour record set by Jose Maria Canizares.

Langer is only 23 but is a most powerful hitter of the ball and says he feels ready to win his first tournament. He doubts whether a victory would have any effect on the sporting public of West Germany and is waging a low profile campaign to get

a little golfing publicity in his country's sporting press. He is the son of a bricklayer and took up the game when he was nine, captivated by the moment he first stepped on to his local course to earn some money as a caddy. He proved a quick learner and turned in an accomplished performance for a 67 yesterday which included five birdies and a rare eagle three at the uphill 461-yard tenth where he hit a scorching drive and a raking 2 iron into the middle of the green.

Although Brand managed to hit only a few fairways in his second round of 66, he knew he could expect no penalty for taking a "wayward route along the scenic 6,535-yard course and his ironplay and pitching and putting were so confident he collected six birdies and 12 under par. He does not remember the Rac course with particular affection, having scored 78-79 when the Martini tournament was played there two years ago.

He says he has been particularly helped by the pro-am atmosphere of this week's tournament. "I used to make most of my money playing pro-am golf and I always find it a lot of fun," said the 25-year-old former England amateur international. Looking after your amateur partner keeps all the pressure from the round and I think I might do well this week."

Only one stroke behind the early first round leaders is Severiano Ballesteros, the



United States Masters champion, who greatly enjoyed his opening round in partnership with Bob Hope, even though his 77-year-old host was unable to contribute to their team score. The dashing Ballesteros was given an early starting time yesterday before most of the big crowds had arrived and when they eventually turned up to see him in action he produced a strong finish of three birdies in the last four holes on his way to a 68 and is well poised in today's third round. Victory this weekend would almost certainly take him to the top of the 1980 European moneywinners' list and that is the only target at present on his mind.

## Some British apples fit for epicures

## GARDENING

ARTHUR HELLIER

than I can give it to keep it clear of scab and canker.

I do not begrudge the price I have to pay for well grown English Cox's Orange Pippins when I bear in mind the number of spray applications, maybe in a season, that they have had to be given to keep them clear of these and other diseases.

In spite of these hazards, I firmly believe that English grown Cox, eaten at the right season, November and December, are the best flavoured of any in the world.

However, there are many good apples that can be grown with far less effort than Cox, many of them excellent to eat and available at different seasons without need for specialist methods of storing. These past few weeks we have been eating and enjoying Epicure, a much under-estimated apple which begins to be edible in late August and reaches its peak in September. After that it deteriorates rapidly and by late October is useless. It is fairly crisp, juicy and pleasantly flavoured without being too sugary.

Its flowers seldom get damaged by frost, it needs little spraying and it is suitable for planting in the north.

For the other end of the season, to be used from Christmas until May, there is Ashmead's Kernel, a very old apple raised by Dr. Ashmead early in the 18th century in his garden in Gloucester. An old descrip-

tion of it says that it is very hardy, an excellent bearer with fruit of the very first quality, flesh yellowish, firm, crisp, sugary, rich and highly aromatic. That is as true today as it was then and it could well be available in your local garden centre this autumn for it is one of the old varieties that have been rediscovered by the big

commercial fruit tree producers and is probably now being distributed in greater numbers than at any time in its 250 years of existence.

Another old apple that is making a comeback for the home garden market is Orleans Reinette, a rather crisp, juicy, well flavoured apple at its best at about the same time as Cox's Orange Pippin, and much easier to grow.

However it is not just among the oldies that good things are to be found. Discovery is a relatively new apple which is now being planted on a large scale in commercial orchards for the early August-September market, immediately ahead of Worcester Pearmain. It is a much better apple than is generally realised provided it is

not picked and eaten too soon.

Discovery is highly coloured, crisp, juicy and of good flavour. It crops well in northern as in southern gardens and requires little spraying to keep it clean. I am told that Covent Garden salesmen are now asking for it in preference to Tydemans. Early which at one time dominated this early end of the market.

Dr. C. Darlington, at one time director of the John Innes Horticultural Institution, was complaining recently that many of the fine apples raised there had never been distributed. Well one of them is certainly now getting around in the garden centres.

It is an early apple named Merton Knave, too small a fruit to be of much use to commercial growers but attractive in appearance, hardly enough for many Scottish gardens, a good cropper and very pleasant eating. John Innes varieties can be found if one searches around a bit, including Merton Beauty, another early crimson apple that is highly recommended by those who have grown it, and Merton Charm, with rather small, well flavoured, yellow skinned fruits.

Merton Russet is a very late-keeping apple produced by crossing Cox with Sturmer Pippin, an old apple once described as "not fit for use till the Ribston Pippin is nearly gone," which in practice means

not before March.

The russet skinned apple I grow is Egremont Russet, a fine variety which has been about a very long time but is still freely available. It is another of the heavily trouble-free varieties which nearly always crop well.

Those who prefer to eat their apples unpeeled, may not like its harsh skin, and some may find its flesh too firm but it is juicy and well flavoured. It is also a nice apple to plant partly for ornament as a contrast to the red and yellow skinned varieties.

To follow Epicure I grow Red Ellison, and to follow that in quick succession Lord Lambourne, two very handsome apples that taste as good as they look. Both have quite a lot of the rich Cox flavour and both are easy to grow, in fact for years the Lord Lambourne trees grew happily and healthily right alongside my Cox's Orange Pippin trees which were caddled with scab, canker and die-back.

When I finally gave up and grubbed out the Cox trees I replanted the little orchard with a mixed collection containing many of the apples I have just described and also some cookers among them the Rev. W. Wilkes, a splendidly free cropping, hardy, trouble-free apple with large, pale yellow fruits that bake to a froth and cannot be surpassed for flavour even by the far less attractive looking and much too vigorous Bramley's Seedling.

## CHESS

LEONARD BARDEN

A SIGN that Britain's recent successes stem not just from a handful of grandmasters and talented juniors but from an all-round advance in strength is our good result in the world postal olympiad now in its final stages. Three years ago the British team won the bronze medal in the seventh olympiad behind the USSR and Bulgaria but ahead of most of the other leading chess nations. Now the

team is again in contention for a medal in the eighth olympiad final.

International cc (correspondence chess) is a very different world from the over-the-board game, principally because of the enormous difference in time span: of an event takes years of concentrated effort rather than the few days of normal tournaments. The British team of six in the current final includes five (Richardson, Hollis, Clark, Peinor, Dr. Ashmead) who were successful national championship contenders in their top years but now compete mainly by post.

International cc has its peculiar hazards, discussed by Ken Messere in a recent article in "Chess." A celebrated cc tale is of the man starting two games with the same opponent who sent off 1 P-K4 as White and offered the conditional as Black of 1...P-KN3 and 2...B-N2 against any of 1 P-Q4, 1 P-K4, 1 N-KB3 or 1 P-QB4. Naturally his opponent chose 1 P-Q4, 2 B-KR6 and 3 BxN when Black had to resign.

Eyebrows were raised when a Russian competitor in the cc world championship boldly gave his address as "Central Chess Club, Moscow." But although consultation with friends and does occur in cc, its influence is generally less than in over-the-board games.

Jonathan Penrose, ten times British champion in the 1950s and 1960s, has dropped out of cc chess; but this week's game has the flowing attacking style which was the hallmark of his talent.

White: Dr. J. Penrose (GB). Black: J. Tompa (Hungary). Sicilian Defence (8th cc olympiad final 1979-80).

1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, PxP; 4 N-KP, P-QB3; 5 N-QB3, Q-B2; 6 B-Q3, N-QB3; 7 B-K3, N-B3; 8 O-O, N-K4; 9 B-K2, P-QN4; 10 P-B4, N-B5; 11 BxN, QxN; 12 P-K5, N-Q4; 13 NxN, QxN.

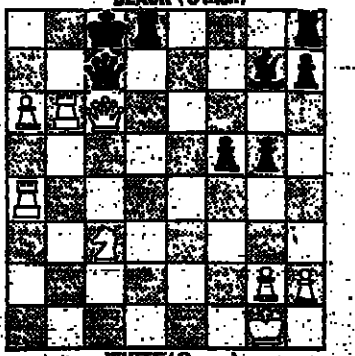
The position reached here forms a little footnote to chess history. After Penrose broke Atkins's record for British title wins in 1969, friends urged him to concentrate more on international play and try for the grandmaster title which had narrowly eluded him. Though preferring team events, he accepted an invitation to Palma de Mallorca 1969 where the

elite entry included Korchnoi, Larsen and the then world champion Spassky. His moderate result, equal 14th among 78 masters, affected his confidence and led to a drop in form and loss of the national No. 1 position to Keene and Hartston. Penrose began quite well at Palma with 13 out of 31; his decline began in the fourth round when he lost with White to Majdorf from this very position due to the decentralising 14 Q-N4! A decade later comes the chance to make amends.

14 Q-KN2, B-N2; 15 Q-Q1, Q-K5 (if QxP, 16 P-B3 with a strong attack); 16 Q-B2, B-K3; 17 P-B5, BxP; 18 Q-Q2, Q-Q4; 19 P-B3, P-KR4 (trying to advance to KR6. The plan proves optimistic, but 19...O-O; 20 P-B6 gives a strong attack while 19...QxP; 20 N-B3, BxN 21 P-B6 is very good for White); 22 P-QR4, B-K2; 23 P-Q7 ch, K-B1; 24 P-Q4, P-B3; 25 QxP, Q-N1; 26 PxP, P-B3; 27 P-B5 (threat Q-R8 ch), BxP; 28 BxR ch, K-B3 (if K-B2; 29 K-R1, Q-B1; 30 R-Q6); 29 BxP, P-B3; 30 R-Q7 ch, Resigns. If BxR; 31 QxP ch leads to mate.

## POSITION No. 339

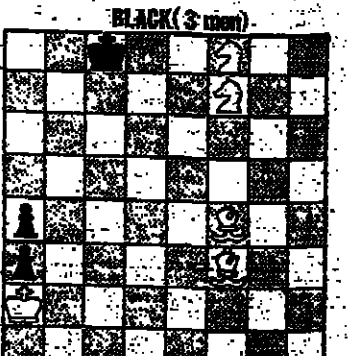
BLACK (8 mm)



WHITE (8 mm)

## PROBLEM No. 339

BLACK (3 mm)



WHITE (5 mm)

Alekhine reached this position while commenting on one of his world title games with Bogolyubov. He wrote: "White forces mate by 1 R-N8 ch."

The puzzle is fourfold: (a) What was Alekhine's mate? (b) Does it work? (c) Is there a better mate in the diagram? and (d) What can be deduced about Alekhine's annotation style?

SOLUTIONS PAGE 34



# HOW TO SPEND IT

## Small is beautiful

If you've ever needed the smallest, lightest, most portable gadget you could find, here are some of the best of their kind....

SIZE ISN'T always a guide to desirability but every now and again in most of our lives size is of almost crucial importance. If, for instance, you travel a great deal, then it will really make some difference to your travelling life if you can gather together some gadgets that you can always manage to find room for, even if travelling with just an overnight bag. A radio by the bed, a small pair of binoculars, an alarm clock, the minutest of cameras—all these things can be very useful and/or a lot of fun but only if they aren't so bulky that carrying them is a chore.

So this week we thought we'd take a look at what science has done to bring us, in the tiniest of packages, some of the most advanced technology of the age. We're not suggesting that all of these gadgets are needed by everybody but one or two of them may be just the product that could transform somebody's travelling days. Certainly, we in this office found we wanted most of them—only the collective price has held us back. The ruler running through the middle of the photograph gives a very good indication of just how small they all are.

In the top left-hand corner was perhaps the gadget we all most wanted—a tiny portable television set (just the thing for carrying round at Wimbledon time). It is known as the 2-inch pocketable black and white Sinclair Microvision micro television by Binatone (and you'll be pleased to note, made in Britain). The screen is very tiny—just two inches square and the whole unit measures 6½ inches long by 3½ inches wide by 2 inches deep. It comes in a black case and has headphones. We found the screen a little tiny for comfortable viewing but if you have something compulsive (like, say Wimbledon) that you can't bear to miss you could take it almost anywhere with you. We got the impression it rather gobbled up batteries so if you're going on holiday somewhere remote, take plenty with you. Find it at Selfridges and Rumbelows for about £69.95.

### Timing the world

Below the TV set is the World Timer quartz alarm clock by Lorus, a division of Seiko. The outside dial moves round and by simply placing the name of the city you're in (i.e. London or Hong Kong) you can check against the dial what time it is in most of the other major cities of the world. Very useful for businessmen who need to call offices overseas. Seemed to be nicely made with a dark plastic

case, and measures only 2½ inches long by 3 inches across. £13.15 from most leading department stores.

On the right, above the ruler, is what has seemed to be this summer's most sought-after gadget—the Sony Stowaway TFS-12 stereo cassette player. An amazingly efficient machine it operates from batteries, ordinary house current, rechargeable batteries or a 12V car battery. It measures 3½ in across by 5½ in long and the headphones enable the ardent music lover to listen to his favourite cassettes anywhere he feels like without disturbing anybody else and because it is so light it can be taken almost anywhere. About £111.70 from most good electrical departments.

### Music on the move

Just as I was writing this Selfridges sent me news of a very similar gadget which they will be selling exclusively from the month of October—by Binatone. It is a light, portable hi-fi stereo cassette player called the HipFi and it sells for only £59.95.

Left, below the ruler, is the tiniest, lightest electronic calculator we could find. Made by Casio it measures 3½ in long by 2½ in wide and comes in a slim wallet. Some male fingers may find it too tiny for easy manipulation so try it out first. £14.95 from places like Currys, Dixons and Ryman.

In the centre are three small gadgets—top, is the Minox LX sub miniature 8 x 11 mm camera. It is the smallest camera we could find anywhere, measuring only 4½ inches long by 1 inch wide by 1 inch deep. It is the kind of toy beloved of rich businessmen. M15, would-be James Bond types and others who, for whatever private reason, really want the lightest, tiniest of cameras to hand. It can fit into almost any pocket. The main disadvantages are that the negatives are small and don't blow up well, you cannot buy film easily nor have it processed easily but Wallace Heaton of 127 New Bond Street, London W1, which sells it, runs a mail order service which both develops and sells this film (prices—£2.15 for 36 black and white exposures, £2.95 for 15 colours, £3.95 for 36 colour and £5.99 for 36 colour slides including developing and printing).

The camera itself costs £250 (plus £2 p and p) from Wallace Heaton. If you want a single lens reflex small camera the Pentax Auto 110, (photographed separately right), is very neat



and easy to carry. It isn't quite as small as the Minox (talking technically the tiniest cameras, like the Minox LX are described as "sub-miniature" while the next size up, like the Pentax is "compact"). It would fit into most pockets, though would cause more of a bulge than the Minox. It measures 3½ inches long by 2 inches across and 1½ inches deep. Very compact and easy to pack and use (it takes a cartridge film). It is £79.95 from Wallace Heaton.

In the centre panel below the Minox camera is a tiny torch—the Everready Penlight, battery operated and measuring only 4½ in long by 1 in wide, it is £1.85 from most good stores, in

particular Selfridges. Would make a good stocking present, come Christmas. Below that is the Best LCD combined alarm watch. It works on batteries, is 5 in long and very slim and costs £25.95 from Selfridges. Finally on the right, below the ruler, is the slimmest pair of binoculars we could find. Described as the Roof Pocket 8 x 20 binoculars by Zenith Tempest, they are supplied with neckstrap, lens cleaning cloth and a soft little pouch for carrying them. When closed they only measure 3½ in long by 2 in across. £79.95 from Burlington Cameras, 20-1, Burlington Arcade, London W1.

## Now that the summer is over

THE END of the summer so depresses me that I feel compelled to give a party. I back the weather both ways by preparing a cold main course while being ready to serve a

hot first course at the last moment. There are a number of soups which are equally delicious served hot or chilled and, like the main course, can be made a day or two before the party.

My menu for this year is Cream of Brussels sprouts and Prawn Soup (sprouts are just in season). Raised Duck and Juniper Berry Pie. Sussex Syllabub.

The recipes are enough for

eight to 10 people but they can easily be doubled or trebled by increasing the ingredients. For the main course you could make two or three pies or vary the ingredients by substituting goose for duck.

### Cream of Brussels sprouts and prawn soup

Serves 8-10

1½ lb unpeeled prawns; 2½ lb Brussels sprouts; 1 lb potatoes; 2 large onions; 1 turnip; 2 carrots; 3 cloves garlic; 4 cloves, nutmeg, parsley, basil, marjoram, 1 bay leaf; plenty of black pepper and salt; 1 pint single cream; 1 pint sour cream; 1 pint milk; 3 oz unsalted butter.

Make a stock first. Peel the prawns and put them on one side. Place the prawn skins, heads and tails in a large stock

pan, add three pints of water and slowly bring to the boil. Add the carrots and turnip thinly sliced. Stick the cloves in one of the onions, crush the garlic and put them in the stock pot along with all the herbs. Cover and simmer for approximately 1½ hours. Strain through muslin and put on one side, discarding the prawn skins and vegetables. Do not peel the potatoes but slice them thinly. Slice the

remaining onion and clean the sprouts. Melt the butter in a large pan and slowly cook the potatoes and onions but do not let them brown when all the butter has been absorbed.

Add the sprouts and stir them about a bit. Pour in the strained stock and milk, bring to the boil, cover and simmer for 20 to 30 minutes. Season with lots of pepper and salt if necessary. When slightly cooled, pass the soup through a

sieve. Add the cream and sour cream and a very generous grating of nutmeg. Stir in the peeled prawns and chill.

If you wish to serve the soup hot, re-heat it very slowly and carefully, making sure it does not boil. If serving chilled, garnish with a very thin slice of lemon.

### Braised duck and juniper berry pie

Serves 8-10

One 4lb duck; 1 lb pork belly; 1 lb lean bacon; 1 large onion; 28 juniper berries; 6 peppercorns; 3 teaspoons salt; 1 teaspoon wine vinegar; 1 teaspoon sugar; freshly grated nutmeg; lots of ground black pepper.

For the pastry: 1 lb plain flour; 1 teaspoon salt; 2 egg yolks; 6 oz lard; egg for glazing.

Make a stock first. Bone out the duck and put the bones, neck and giblets in a pan and cover with water. Add 12 juniper berries, six peppercorns, half the onion, two teaspoons salt, the wine vinegar and sugar. Bring to the boil and remove any scum that may form. Cover the pan and simmer for about 2½ hours. Strain through muslin and put back into the cleaned pan to reduce it. When you have about 1 pint pour it into a jug to cool. To make the pie filling, separate the fatty bits of duck and skin and chop them as nearly as possible into cubes. Coarsely mince the duck flesh, duck liver, pork and bacon together with the onion. Soak the rest of the juniper berries

in warm water and add them at the last minute. Mix all the ingredients together with a generous amount of nutmeg, salt and pepper and put on one side while you make the pastry.

To make the pastry, warm a bowl and sift the flour and salt into it. Place the lard and pint water in a pan over a low heat. When the lard has melted, bring to the boil. Make a well in the flour, put the egg yolks in it and pull in a little flour.

Now add the hot fat and water and, with a wooden spoon, stir continuously until the dough is cool enough to handle. Knead it lightly and quickly on a floured surface. When pliable, place it on a warmed plate with a warmed bowl inverted over it. Put it in a warm place for 20 minutes or so. Thoroughly grease a hinged pie tin 10½ in long by 4 in wide and 3 in deep. Cut off one third of the dough and keep it warm. Roll out the rest and thickly line the pie tin.

Add the juniper berries to the meat mixture and fill the pie, pushing the meat well into the corners and forming a

mound in the middle. Roll out the rest of the pastry, brush the edges with the egg beaten with a little salt. Cover the meat, pinching the sides well together to seal it.

Trim the pastry, roll out the trimmings and cut out leaf shapes to decorate the top of the pie. Brush with egg glaze. Make a hole in the top so that you can pour in the stock after cooking. Pre-heat the oven to gas mark 8 (450°F). Place the pie on a baking tray and cook for 20 minutes, then reduce the heat to gas mark 3 (325°F). Cover the top of the pie with tin foil and continue cooking for a further three hours. Let the pie get almost cold before removing the pie tin by unhooking it. Through the hole in the top, pour the stock into the pie, using a very small funnel. Leave in a cool place overnight to set.

Rather than offering a variety of salads with this pie, it is better to stick to one fresh, delicately dressed green salad and a tomato salad.

### Sussex syllabub

Serves 8-10

1 pint double cream; scant 1 pint white wine; 3 tablespoons brandy; 1 orange; 1 tablespoon clear honey. Peel the rind thinly off the orange and squeeze out the juice. Place the wine, brandy and honey in a jug, add the orange juice and rind. Warm it just a little by standing it in a basin of hot water and stir it until the honey dissolves. Cover and leave overnight in a cool place. Remove the rind. Gently whip the cream, slowly adding the wine mixture until the cream holds its form in soft peaks. Spoon into wine glasses and chill.

### Bears seen near National Gallery

Just around the corner from the National Gallery in London you'll find a wide range of high quality teddies and other bears and a host of bear paraphernalia in Britain's specialist bear lovers shop. It bears paying a visit Tue/Sat 11am-6pm or for Mail Order catalogue send P.O. 35p.

### Bear essentials

7 Whitcomb St., London WC2H 7HA England. 01-930 3708. Access/Barclaycard/American Express welcome.

## by Lucia van der Post



The model in the picture is applying her "Daily Dose." One of the key elements in the new Lauder Prescriptives beauty range, the Daily Dose is the energiser and night and morning two drops need to be applied and spread over cheeks, chin and forehead.

## Prescribed for beauty

KEEPING up with new developments in the volatile world of the beauty houses is about as easy as trying to see straight on a roundabout in full flight—in other words, it's impossible. One gets glimpses of the trends and the underlying themes but focusing clearly on each new product is beyond the scope of anybody who doesn't make it a full time job. However, even to those on the busiest, whitest roundabout it has become apparent over the last few years that one of the major new directions that the reputable beauty houses were exploring was the area of skin-care. Of course, all the good beauty houses have emphasised that looking after your skin was more important than covering up the damage but it is only in recent years that skin-care has become such a thorough, such a scientific business.

Latest beauty house to launch a really deeply-researched and thoroughly worked out skin-care programme is Estee Lauder. I may be wrong but for me Estee Lauder has been, par excellence, the great glamour name in the beauty business, the name I associate with extrovert panache, with razzle-dazzle, with exquisite packaging and great desirability.

So to see the new collection of skin-care products, all plainly and simply packaged, with its round bottles and jars, looking spare and almost medicinal, gave me cause to think. Lauder Prescriptives the range is called (and when I think back to all those other frothy names that Estee Lauder has beguiled us with over the years I feel a lot of self-restraint and/or a lot of conviction must be behind that name) and it is now on sale at Harrods, where it will be sold exclusively for the next six months. It has already been on the market in America for nearly a year and reports drifting this way say that it has been an unqualified success.

The basic thinking behind the range is that what the modern woman wants is a skin that is as beautiful as it's possible to be so that she can then wear the minimum of make-up. Prescriptives is a system that is designed to give the woman who uses it a treatment and skin-care programme that will help her improve or maintain her skin in the best possible way. It is based on three main premises—cleanse, energise and protect and this is the basis of the regime.

There are several ancillary products (like Line Smoother, Anti-Bac for spots) and a range of make-up but it is the products prescribed for cleansing, energising and protecting that are indispensable.

Lauder maintains that each skin ages in a different way, each skin is as individual as a fingerprint and therefore the potential user of these products must go and consult one of the Prescriptive consultants who has been specially trained to study her skin and to advise on the group of products that will suit her. The products are all highly active and so it is essential that the customer strikes up a real rapport with the consultant so that she feels she can go back for advice and possibly a change of regime as often as she feels it necessary. She must understand how essential the three basic steps are—they don't take long but they must be followed as religiously as cleaning the teeth or brushing the hair—and because the products are designed to work together they must be used as prescribed.

To buy even the basic minimum is not cheap—a four months supply of cleanser, energiser and protector would cost in the region of £70—and most women would, I think, want some of the ancillary products (for instance, I particularly like the Line Smoother) and would want to go on and use the make-up which has been devised to go with the treatment products.

If you don't want to lash out such a large sum at once Lauder will be offering special preview kits at about £20 which enable the customer to try the system out for a month.

But what, I can hear you asking, will these products do for me that others on the market can't do? That is the nub of the matter and one that it is almost impossible to answer scientifically. I can only answer subjectively. I have been trying the system for the past month or so. I had some initial difficulties with some of the products—having exceedingly sensitive eyes I often react to any products put near them and having discovered that it seemed to be the energiser that should not be put near them, all is now well. My skin certainly seems smoother and even, dare I say it, a little younger. I do not suffer from spots but the Anti-Bac treatments sound very good. I particularly like the feel of the skin after using the products which is neither too oily nor too dry.

I much enjoy using the make-up which is very light and young-looking and anybody who has ever had trouble deciding which colour of foundation best suits them, will be intrigued by the new skin-coding Lauder has devised—it certainly worked for me and makes choosing toning blushers and lipsticks a very easy matter.

## MALAYAN TIN DREDGING (M) BERHAD

(Incorporated in Malaysia)

The following is the text of a circular being despatched to shareholders of the Company on Monday, 29th September, 1980

### A Successful Merger

You may recall that earlier this year Malayan Tin Dredging (M) Berhad ("the Company") initiated proposals for the merger of the Company with Southern Malayan Tin Dredging (M) Berhad ("SMT"), Southern Kinta Consolidated (M) Berhad ("SKC"), Kramat Tin Dredging Berhad ("KTD"), Lower Perak Tin Dredging Berhad ("LPT") and Bidor Malaya Tin Dredging Berhad ("BMT") (collectively known as "the offeree companies") by means of a share exchange offer made by Bumiputra Merchant Bankers Berhad on behalf of the Company under section 179 of the Malaysian Companies Act, 1965.

Under the terms of the share exchange offers dated 3rd July, 1980 ("the offers"), the Company offered to acquire all the issued shares of the offeree companies not already owned by the Company in consideration for the issue of new shares of the Company. At the same time the Company also proposed to its shareholders a subdivision of the Company's M51 shares into ten (10) series of shares.

At the extraordinary general meeting of the Company's shareholders held on 21st July, 1980 all the necessary resolutions for the implementation of the offers were duly passed. All the necessary approvals from the Foreign Investment Committee and the Capital Issues Committee of Malaysia have also been obtained.

Announcements were made on 5th, 15th and 21st August, 1980 in respect of the preliminary level of acceptances received under the offers. Your Board has now determined the final level of acceptances in connection with the offers and these are set out below:

Offeree company	Total Acceptances Received in respect of	Percentage of the Shares under the Offers
-----------------	--	---

SMT	4,637,521 shares	91.58%
SKC	7,039,585 shares	91.47%
KTD	3,144,445 shares	79.40%
LPT	2,974,483 shares	90.14%
BMT	10,815,302 shares	100.00%

It was stated on 21st August, 1980 that the Company would compulsorily acquire the shares of those shareholders of SMT, SKC and LPT who have not accepted the offers pursuant to section 180 of the Malaysian Companies Act, 1965, and the Company has already commenced the necessary procedures in compliance with the said Act.

Accordingly, SMT, SKC and LPT will in due course become wholly-owned subsidiaries of the Company; these companies have been delisted from the relevant Stock Exchanges. KTD, as a 79.4 per cent subsidiary of the Company, will still be listed and quoted on The Kuala Lumpur Stock Exchange and the Stock Exchange of Singapore Limited.

As you may be already aware, your Board is pleased to inform you that listing and quotation of the new shares of the Company issued pursuant to the subdivision and the offers have already been granted by The Kuala Lumpur Stock Exchange, the Stock Exchange of Singapore Limited and The Stock Exchange, London.

Yours faithfully,  
RAJA BADROL AHMAD,  
Chairman.

### Responsibility Statement

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### Financial Information

Financial information relating to the results for the five years to 1979 and the net assets as at 31st December, 1979 of the Company and of each of the offeree companies together with a proforma consolidated balance sheet of the enlarged MTD group were set out in the offer document sent to shareholders dated 3rd July, 1980.

Registered Office:  
Wisma Bungea Raya,  
152 Jalan Ampang,  
Kuala Lumpur 04-06,  
Malaysia.

25th September, 1980

## You needn't be rich to be burgled.

Just about everyone has something worth stealing. And every minute of every day someone is busy stealing it, according to official records. As the largest security organisation in Europe we felt we should do something to slow down this rapidly rising statistic. So we have come up with the Budget Alarm. We make, install and service the system. It deters the amateur burglar. And confuses the professional. In the standard system are magnetic door and window sensors, a pressure mat, an internal and external audible warning device and master control box. A Group 4 consultant recommends installation points and our engineers carry out the work. Then we carry out regular servicing. You don't need to be rich to be burgled, and you don't need to be rich to deter burglars. So fill in the coupon and help put a burglar out of business and obtain peace of mind.

I want to know more about your Budget Alarm System.  
Please ring ☐ write ☐ send details ☐ (tick where applicable)

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Tel. No. \_\_\_\_\_

Group 4 Total Security Ltd., Farncombe House, Broadway Works, W12 7LJ. Tel: 0286 858585

"First pheasant shooting next Wednesday. Must bag a brace of new Vivella shirts at Harrods."

Bears seen near National Gallery

Just around the corner from the National Gallery in London you'll find a wide range of high quality teddies and other bears and a host of bear paraphernalia in Britain's specialist bear lovers shop. It bears paying a visit Tue/Sat 11am-6pm or for Mail Order catalogue send P.O. 35p.

Bear essentials

7 Whitcomb St., London WC2H 7HA England. 01-930 3708. Access/Barclaycard/American Express welcome.

JULIE HAMILTON



ARTS

# Stanley Spencer

BY WILLIAM PACKER

With this huge definitive exhibition of Stanley Spencer, that so comfortably occupies more than half its principal galleries, the Royal Academy at last pays due honour to the memory and reputation of one of the most original and original of the English painters of the 20th century. It is a dauntingly impressive show, a sequence of rooms full of extraordinary things, at once beautiful and exciting. It presents to us an artist realising, containing, making coherent and available a sometimes wildly idiosyncratic vision of the world, his world; and he does so by means of the related and necessary disciplines of close observation and intimate knowledge of his material, which is social man in his natural, usually domestic or local circumstances (his plain landscapes are always peopled by implication, images of cultivation or habitation: fields, gardens, village streets, country lanes), and remarkable craftsmanship and technical command. The results are such that we are at intervals stopped short by some of the most astonishing and memorable paintings ever made by an Englishman, certainly more so than anything done for a long lifetime past.

These are not indeed light claims to make, but if they are at all surprising, the fault lies not with the work itself, which is hardly unfamiliar, but with the attitudes by which we variously address ourselves to the visual arts in this country, and to the lives and personalities of the artists themselves (this artist in particular being but a conspicuous victim of the treatment).

For we tend not to put too high a value on the artist's calling, and would much rather entertain ourselves with a prurient reading of the details of his privileged adventures in Bohemia than look at his work. Stanley Spencer got his knight-hood all right, but one cannot but suspect that it was the oddity rather than the quality of his vision and achievement that caught the official eye; and if the public imagination is still engaged by him, it is the picture of an odd little man darning about his native village, keeping his pyjamas on beneath his cravats, enjoying, if that is the

right word, a most unusual private life, and entertaining the most peculiar ideas about religion, that remains fresh. As for the wider significance of what he did, the general feeling, unsupported as it is by any knowledge or real interest, may well be that to say he might be the best of British is not to say very much.

The attitude of the art world, critical, curatorial, professional, has been rather different, not so much denigratory as dismissive; for the history of modern art is a history of movements, upon which English art has danced attendance but never appeared to lead. If in consequence the critical temptation is to set the English achievement in general somewhat below its true worth, an artist such as Stanley Spencer must appear utterly irrelevant. How on earth can he be fitted in? The answer is that the Tate, for example, for a scandalously extended period, fitted him in below the back stairs. Happily he has lately been brought into the light and, save for the duration of this exhibition, duly celebrated and the signs in general are most encouraging: but though we have in recent years grown altogether more sensible and generous towards our own, the damage will still take time to make good.

This exhibition should help considerably, but the sad truth is that in the meantime Stanley Spencer, a great artist, remains virtually unknown abroad, while his foreign peers, to say nothing of lesser artists, flourish in their international reputations. It is not a question of direct comparison, but painters such as Hopper, Balthus, Grosz, Beckmann, the list is arbitrary and goes on, lose nothing by having Spencer with them. It is simply that he has been more orthodox, more easily accommodated to modern, his place would be undeniable.

Spencer in any case is far from being the unsophisticated natural that a superficial reading of his work might lead the too casual viewer to expect. His eye and hand were sharp from the start, always ready to take up the particular lesson that might be useful to him, whether through the easily available influences to which we see him responding in his early student work, the medieval fantasies of Millais, the fairy drawings of Rackham, Crane, Tenniel, or so very soon after



The Bathing Pool Dogs

wards, the somewhat more recondite examples supplied by the early Italians, Giotto especially, one moment. Gauguin the next. And amongst his contemporaries at the Stude were Wyndham Lewis, David Bomberg and William Roberts, all of them very much alive to the current ferment in Paris; and together they worked, as clever students always will, in a spirit of mutual stimulation and competition. Whatever the effect he had on his fellows, the dynamic structures and principles of Vorticism composition remained fundamental to Spencer's own work to the end, most especially in the more ambitious undertakings. He was no throwback or sport, but an artist very much of his time, assimilating influences from many periods for his own ends. His draughtsmanship has a

classical simplicity and authority, and underwrites everything he does, even the most extravagant of his distortions. And his landscapes, straight-forward and unaffected, are informed by so exact a sense of place that they speak to anyone who knows well that corner of Berkshire and the Thames Valley with an unerring directness. Though he himself was inclined to place them low in his order of things, they stand honourably with the best of English landscape painting.

But it is the combined humanity and intensity of his religious vision which mark him out. Even the most gleefully secular of his works, scenes from village life or the chances of domesticity, seem to be invested with an almost sacramental quality, a celebration of life; and in the work which came out

of his experiences in Mesopotamia in the Medical Corps during the Great War, in the magnificent 'Burghclere Chapel murals in particular, his celebration of the mundane life of the soldier becomes positively mystical. They are amongst the finest of war paintings, and as art there has been nothing close to them in our own time except David Jones' 'In Parenthesis'. The equally magnificent 'Ship-building on the Clyde' panels from the second war are possessed of a different order of vitality, throbbing with concentrated vitality, vigorously ritualistic.

From his time at the Slade, Spencer began to people his familiar landscape with his personal revelation of Christian truth, seeing the lessons and miracles of scripture, with disarming literal conviction, in everything and everywhere about him. Christ preaches to the crowd, as of course he would, at Cookham regatta: Jesus is betrayed behind the shed in the back lane; the tomb in the churchyard open at the Resurrection, restoring the pent-up villagers to their families. Spencer was indeed a true mystic, and a remarkable visionary, the greatest religious artist since Blake, and the greater painter.

The exhibition, which has been put on with the help of the Observer, continues until December 14.

# Airborne legends

BY ANTHONY CURTIS

Benjamin Jowett and Richard Hillary were both legends in their lifetimes; in the one instance a long and venerable lifetime, in the other tragically short. Both were the subject of dramatised features on radio this week. The Hillary feature was timed to coincide with the 40th Anniversary of the Battle of Britain and is accompanied by a reissue from Macmillan of his piercingly lucid memoir of his own experiences before and in the battle, *The Last Enemy* (£4.95), written when he was barely 30, and instantly acclaimed as a classic of RAF life in the early days of the war. For those who wish to put Hillary's account in a wider perspective I can recommend two recent picture-books, Derek Wood's *Target England* (Cape £8.50) and Len Leighton's *Battle of Britain* (Cape £8.50).

The author of the radio portrait of Hillary (Radio 4 UK September 20) was Christopher Matthew and of the Jowett (Radio 3 September 23) Graham Greene. He wrote it many months ago when it was produced by the late Stephen Potter. This new production was by Brian Wright, with Alan Bennett as Jowett, in order according to Radio Times, to celebrate Graham Greene's 70th birthday. If this really was the reason, they are a little late. Mr. Greene was born in 1904, and last year in October we had an excellent feature about him, compiled by Philip French, Graham Greene at 75. Still, late or not, it was

a discovery and heard a couple of nights after the Hillary. It showed how little the basic techniques of the dramatic feature on radio have changed over the years.

Because there was no-one alive who remembered Jowett, Greene had to invent conversations between rival dons at Balliol and undergraduate pupils such as the young Algon Swinburne, and through these to touch in the complex lineaments of the Master.

By contrast, there are several people. Lowry, Dickson, Paul Hart, Pat Hollender, Bill Simpson and Bett Westmacott, who have vivid memories of Richard Hillary. We heard from them of the glided undergraduate at Trinity, Oxford, in 1939; the Air Squadron trainee, and the aloof patient at East Grinstead, after the terrible burns suffered when he was shot down for the first time and rescued by the Margate Lifeboat. But even here among so much revealing living testimony the main dialogue, the programme was an imaginative reconstruction by Mr. Matthew of a series of conversations which Richard Hillary had with the war-artist Eric Kennington while having his portrait painted.

These occurred during the hiatus in his career after he had written *The Last Enemy* and when no-one quite knew what to do with him including himself. The suggestion that he should go on a lecture tour across the United States was mooted; but then on sight of

him, as he was a mass of skin-grafts, it was considered to be in the words of one British official "a psychological mistake". In the end, literally obeying some kind of death-wish, he rejoined his squadron (how in his condition he was passed as fit for flying duties remains a mystery) and was killed.

The programme penetrated his state of mind before re-joining, showing him influenced by the example of T. E. Lawrence whom Kennington had also painted, and who was also faced by the problem of living down his own legend. Michael Cochrane played Hillary in tones of calm self-questioning and Peter Vaughan was suitably reserved as Kennington.

It all seemed light years away from Balliol on the 1830s and the storm over *Essays and Reviews* with Pusey and his friends ganging up against Jowett, smearing him with charges of heresy. Mr. Green concentrated mainly on College politics and presented a portrait of an Establishment rector working within the system to change it. In B-movie style, he communicated his enthusiasm for a period when people's careers depended on their attitude to St. Paul. Alan Bennett had no problems at all in devising the pedantic Oxonian voice of the Master while David Markham as Dean Stanley narrated the play and Brian Carroll was Jowett's loyal servant, Matthew Knight. Not an important discovery in the Greene canon but worth hearing, just.

# Fur Coat and No Knickers

BY MICHAEL COVENEY

The Oldham Coliseum reopened two years ago. It had been closed for nine months, prior to which the old Repertory Club had run itself into the ground. In the past two years, the Artistic Director, Kenneth Alan Taylor, has presented eight world or regional premieres. The box office record has been broken four times. But no success has approximated to that currently being achieved by Mike Harding's *Fur Coat and No Knickers*, an hilarious local comedy that breaks all the rules and floats majestically over the debris.

Harding is a well-known TV comic. I have never seen him, but he sounds like a Lancashire cross between Billy Connolly and Jasper Carrott. Although his piece is totally uncontrolled, it does prosper on the soil of

the old Manchester school of comedy in that the central dramatic action is the wedding of a young middle-class haulage firm director to a working-class girl from around the corner. The two families are bound by the history of generations. The crucial new ingredient is that this affiliation is seen only from the lower class point of view. The mood of the show is that of the music hall and its politics are appropriately roving, ready and satirically vivacious.

Fore on in the theatre and to sit with a packed audience rocking with laughter on Thursday night was one of my year's highlights—there are no bones made about where the author's heart lies. I labelled the show uncontrolled, but there are five distinct sequences: the gathering of the Ollerenshaw family on the eve of the ceremony—

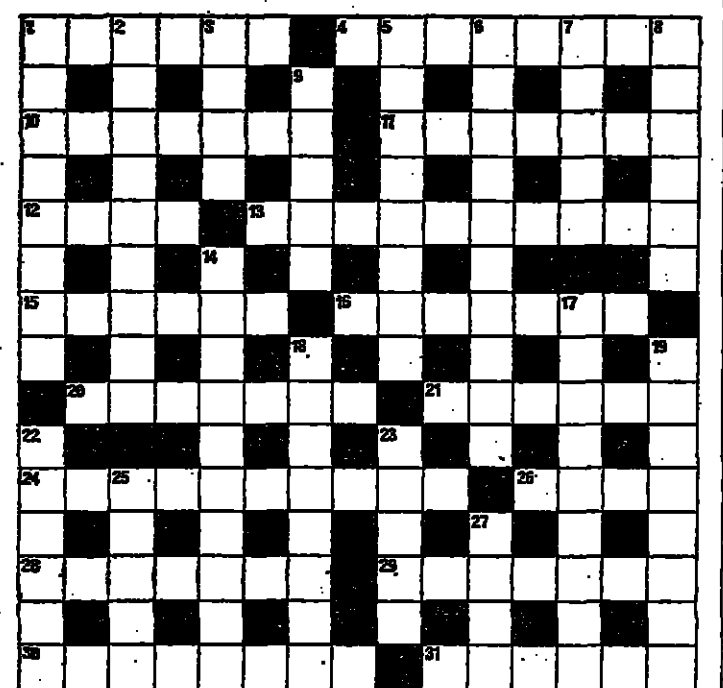
Mum is a fast-talking refugee from Coronation Street with a troublousome vein; the stag-night pub crawl which collects a drunken priest from the Catholic Club en route for the strip joint; the ceremonial preparations with Mum expounding the biscuit box contraceptive method—stand him on the tin and, when his eyes go glassy, kick it out from under his feet; the wedding itself with every character delivering his or her own religious Christmas Eve Catholic ("I go regularly once a year"), another Margaret Thatcher, and there is a prodigious well-phrased jokes. Grandpa, on struggling into a voluminous pair of Moss Bros. trousers, declares that they contain "more bloody ballroom than Blackpool Tower".

The show is certain to become a permanent fixture in these parts—it is, far too confidently unsophisticated, for London—and Mr. Taylor's production is admirably and unapologetically coarse-grained. Particularly notable performances are given by Judith Barker as Mum—who delivers the title line while squinting at her opposite number in church—and David Ross as Grandpa. I loved the self-deprecating portraits of each character delivered in spotlight: one's religion is Christmas Eve Catholic ("I go regularly once a year"), another's Margaret Thatcher, and there is a prodigious well-phrased jokes. Grandpa, on struggling into a voluminous pair of Moss Bros. trousers, declares that they contain "more bloody ballroom than Blackpool Tower".

## F.T. CROSSWORD PUZZLE No. 4385

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

Name \_\_\_\_\_  
Address \_\_\_\_\_



- ACROSS**
- The design of a law-giver (6)
  - Damage serious for a foreign nobleman (8)
  - Initially the union upsets true upbringing (7)
  - Footwear for layabouts (7)
  - The hard worker returns with the marbles (4)
  - Proclaims the sovereign race in China (5, 5)
  - "Bare... choirs, where late the sweet birds sang" (Sonnet) (6)
  - Just a short time for coffee (7)
  - Finish in a sticky environment—there's something to be done (7)
  - The kidnapper's song (6)
  - Measure of refreshment that does not intoxicate (5, 2, 3)
  - Oriental present poetically sufficient (4)
  - Mama mia, cries this child (7)
  - Inauspicious state of the southpaw (8)
  - The opera for Transport House (6)
- DOWN**
- Warning Scotsman over one party (8)
  - A tool in season spread irregularly (9)
  - Border town I manage (4)
  - Admitting everyone in debt (8)
  - TV programme gives one a good view (10)
  - Close feature lent by the attentive (2, 3)
  - Literary attempts (6)
  - A German does not make a good builder (5)
  - Cheap sweets herald the dawn of understanding (5, 5)
  - Out of business but by no means weak (3, 6)
  - Gaff sure to supply Mrs. Pankhurst's objective (8)
  - Confrontation with cards on the table (4, 4)
  - In the ship we have summit talks (6)
  - Toast for a singer (5)
  - A French writer we have to set free (5)
  - Novel heroine sets me up to a degree (4)

**Solution to Puzzle No. 4384**

ACROSS  
1. MURDER  
2. MURDER  
3. MURDER  
4. MURDER  
5. MURDER  
6. MURDER  
7. MURDER  
8. MURDER  
9. MURDER  
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13. MURDER  
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26. MURDER  
27. MURDER  
28. MURDER  
29. MURDER  
30. MURDER  
31. MURDER

## TV/Radio

Indicates programme in

9.05 am Athlete 9.30 Multi-Coloured Swap Shop. 12.27 pm Weather.

12.30 Grandstand: Football Focus (12.35); World Carriage Driving Championships from Windsor Great Park (1.06); Badminton from the Royal Albert Hall (1.30, 2.40, 4.10); Racing from Ascot (1.50, 2.25, 2.55, 3.30); Rallycross from Lydden Hill, Kent (2.05, 3.10, 3.50); 3.45 Half-time Football Scores: World Championship Boxing Preview Alan Miner v Marvin Hagler (4.30); 4.40 Final Score: Classified football results, match reports and latest news of today's other sporting events.

5.10 The Dukes of Hazzard.

6.00 News/Sport/Regional News.

6.15 Doctor Who.

6.40 Larry Grayson's Generation Game.

7.35 Juliet Bravo.

8.25 The Paul Daniels Magic Show.

9.05 News and Sport.

9.20 The Saturday Film: "The Drowning Pool" starring Paul Newman.

11.05 Parkinson.

All Regions as BBC 1 except as follows:

BBC Cymru/Wales—8.25 am Athlete; Indoor Training. 8.50-9.30 Crackerjack. 6.10-6.15 pm Sports News Wales. 12.05 am News and Weather for Wales; Close.

Scotland—6.55-5.10 pm Scoreboard. 6.10-6.15 Scoreboard. 12.05 am News and Weather for Scotland.

Northern Ireland—3.10-3.50 pm International Hockey. Ireland v Scotland. 5.00-5.10 Scoreboard. 6.10-6.15 Northern Ireland News. Sport. 12.05 am News and Weather for Northern Ireland. England—6.10-6.15 pm (South West only) Saturday Spotlight.

**BBC 2**

7.40 am-12.40 pm and 1.05-1.55 Open University.

1.55 Saturday Cinema Western Double-bill: (1) "Tumbleweed" starring Audie Murphy.

3.10 Adventure Game.

3.40 Saturday Cinema: (2) "The Lawless Breed" starring Rock Hudson.

5.00 Badminton—The Friends Provident Masters Tournament.

5.50 "Sera" (season of films from China).

7.30 News and Sport.

7.35 Rugby Special.

8.25 We, the Accused by Ernest Raymond.

9.20 Badminton highlights.

9.55 "The River Flows East in Spring," part 1 (season of films from China).

11.30 News on 2.

**SOLUTION AND WINNERS OF PUZZLE No. 4379**

Miss. A. M. Dingle, 1 Berkeley Road, London N8. Mrs. K. P. Dolan, 19 Kent Road, Sheerness, Mr. J. C. Towle, Selkay Avenue, Sale, Cheshi

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All Regions as BBC 1 except as follows:

BBC Cymru/Wales—8.25 am Athlete; Indoor Training. 8.50-9.30 Crackerjack. 6.10-6.15 pm Sports News Wales. 12.05 am News and Weather for Wales; Close.

Scotland—6.55-5.10 pm Scoreboard. 6.10-6.15 Scoreboard. 12.05 am News and Weather for Scotland.

Northern Ireland—3.10-3.50 pm International Hockey. Ireland v Scotland. 5.00-5.10 Scoreboard. 6.10-6.15 Northern Ireland News. Sport. 12.05 am News and Weather for Northern Ireland. England—6.10-6.15 pm (South West only) Saturday Spotlight.



## ARTS/COLLECTING

## Live at the National

BY ANTONY THORNCROFT

This month the National Gallery, guardian of the nation's greatest collection of art, has added a living artist to its strength. Maggi Hambling has taken up a three-month Arts Council supported stay as an artist in residence. Some of her own work will be hung on the walls—although far away from the Leonardos and Titians—and visitors to the Gallery will be encouraged to question a working painter.

It is part of director Michael Levey's efforts to widen the educational role of the National Gallery. There are critics who fear that the paintings are in danger of disappearing beneath a flood of audio visual aids and guided lecture tours but when you are administering a public institution Levey feels that the public is as important as the institution. Over the next few years many innovations are planned, most of which are designed to breakdown the barriers between the 2,000 paintings in the collection (all of which are on permanent display) and the two and a half million visitors a year.

While the National Theatre and the Royal Opera House, Covent Garden, make periodic headlines when they wrestle with cash crises and industrial disputes the National Gallery successfully maintains a discreet profile. Michael Levey can say "we feel that in the past three to four years the Gallery has been well treated by Governments. It is premature to start moaning, although it has always been appreciated that the cash crisis will come in 1981-1982." But at the moment, with its buildings supported directly by Government, the National Gallery budgets comfortably within the £3.8m it has received this year for acquiring paintings. In fact it attempts to end each financial year with cash in hand. In this way it can compete with a really major work comes on to the market.

This happened in July when it paid over £2.5m at Christie's for an early Rubens "Samson and Delilah." Although objecting to having to pay the extra 10 per cent in buyer's premium on the £2.3m hammer price—a sliding scale according to value would be fairer if there must be a buyer's premium—Levey does not think that the Rubens was expensive. Rather the fact is that these paintings are very cheap. You can buy 12 masterpieces for the price of a tank. We are suffering from a certain lack of up-dating in the price of fine paintings.

And the Rubens is certainly fine. It is an early work of around 1610 which Levey thinks balances the great paintings of the 1830s, and makes the room devoted to the artist much more comprehensible and appealing. "Such works rarely appear in the saleroom and when they do we have to make an effort to buy them. It is our duty." Fortunately "we've lost hardly anything" although in May the National Gallery failed to retain a rediscovered Botticelli which went to the U.S. and Levey still frets over losing the Velasquez portrait of his servant to the Metropolitan in New York, which paid £2.31m in 1970.

Levey is constantly on the look out for new additions. "We always need a bit of pepper in the salad. A great collection can become bland and not quite challenging enough." This is



Michael Levey with the National Gallery's first artist in residence Maggi Hambling in the background the newly acquired Frans Hals.

why he was delighted to acquire works by Picasso and Matisse last year. "The gap between us and the Tate is not getting fatter. We are not in any way trying to pre-empt the Tate, but we must take steps forward as we come to the end of the 20th century. The painters of the 1900s are no longer modern, and the National Gallery must not get stuck at a mystical barrier of 1900." Levey sees "the value of an over-lap with the Tate, pointing people towards the collection." He is particularly interested in non-French paintings the National Gallery would love a Munch.

There are other paintings it would very much like as well. As the accumulated collection of a great nation with an expansionist past there are few blatant gaps but Levey regrets the absence of a David, anything by the Siennese artist Simone Martini, of a full length Goya, a Chardin still life, and a typical Brueghel. But there are constant additions, around 20 important paintings in the past five years. Many of these now come through private treaty, and Levey is very enthusiastic about the opportunities in this method of paying the nation in fine paintings rather than tax. The owner receives a very fair price, a remission on tax, and a sweetener: the saleroom, if one is involved, earns a fee. The National Gallery gains major works of art at around half the price it would have to pay at auction. The tax authorities are reluctant to permit too many paintings to be substituted for cash but in August the gallery acquired a fine Frans Hals, "Young man holding a skull," and in the past year works by Pontormo and Steen have come to the nation via this route.

It sometimes seems that Levey's main problem is not acquiring masterpieces but displaying them. "We cannot survive in this building for more than another ten years," he says. The main route of expansion has already been agreed—the acquisition of the adjacent National Portrait Gallery, but this awaits the finding of a new site for the NPG and its erection there. In the meantime the National Gallery attempts to make the most of

the space it has. Next month the Prime Minister will be opening three rooms in the east wing which have just been air-conditioned and a new and larger restaurant also should be ready in October. The next target is an adequate lecture theatre.

This is where Levey hopes that industrial sponsors will help out. In the past the National Gallery has not attempted to sell itself energetically to business, but this is changing. A lecture theatre, with the sponsor also supplying its name to the room, is the start. Levey, in his thrust towards educating the public, also plans a special exhibition area, and an information room which, ideally, will be able to conjure up computerised information on the artists represented in the Gallery, showing through visual reproductions, examples of their work in other museums and generally filling in the historical and artistic background. Here again a sponsor would be very welcome.

The National Gallery does not mount the well publicised comprehensive exhibitions that have become characteristic of the Royal Academy and the Tate. Its instructional role is obvious in its selective shows—displays of Dutch 17th century paintings, painting from Cologne, and next year, an exhibition of Spanish art. All the time there is the emphasis on education, on helping the public to make the mental and emotional jump into the paintings on the walls. The constants of the gallery year—the Artist's Eye, where a leading contemporary artist makes his personal selection from the collection—in 1981 it will be David Hockney, and the Second Sight feature, which, with audio visual aids, contrasts two paintings of different periods, are designed to do just that. As yet the children crawling around the floor following up clues in the summer quiz: the daily lectures; the didactic exhibitions; the planned information room and lecture theatre; the Artist in Residence; have not

got in the way of the paintings. The National Gallery might be worthy but with so many other institutions in the arts quite anxious to go out and shock, worthiness is no bad thing.

## Pitlochry's last night

Saturday October 4 will mark the closing performance in the "old" Pitlochry Theatre. The importance of being earnest by Oscar Wilde will be the play on stage that evening, immediately prior to its tour to Kirkcaldy, Stirling and Glasgow (October 7-25).

The new theatre is scheduled to open next May.

## Time to learn

BY JUNE FIELD

WHETHER YOU are a collector, art historian, antique dealer or just someone wanting to pursue the pleasures that go with learning, this season's crop of art and antique courses are on everything from Worcester Blue and White to French furniture and 18th century fashion.

At one of the Geoffrey Godden Study Weekend Meetings, Worcester expert Mr. Henry Sandon passed round samples of porcelain fired at different stages together with some of the ingredients that were mixed with metallic oxides to produce a workable enamel for the decorators.

Expressing appreciation an enthusiast wrote: "We sniffed at jars of fat oil, oil of turpentine, and aniseed, saw examples of honey gliding which can only be fired once, mercuric surface can be obtained by a second firing, and the final process of burnishing by bloodstones and agates, finally handling a pot of gold nuggets."

The next one-day seminar of four lectures, *Godden On English Porcelains 1745-1900*, when problem pieces can be taken along to be identified, sold or exchanged (admission by advance tickets £8), is on Wednesday, October 15 at 17-19 Crescent Road, Worthing, Sussex. Details from Mr. Godden at that address.

Mr. Sandon is also a lecturer at RVS Enterprises' *Care and repair of Porcelain and Furniture* weekend in Stratford-upon-Avon's Falcon Hotel on November 7, cost £78.50. Details Mrs. Judy Watts, director, RVS, Hilton House, Norwood Lane, Meopham, Kent.

Grand Tours' programme includes a weekend to Belgium to see the Brughes and Van Gogh exhibitions (£170), and *Inside the Art World* evening visits to

London museums and exhibitions, £8. Details Mrs. Juliet Aschan Brooks, Grand Tours, 14 Courthill Road, SW7.

People and Places holds regular soirées in houses or venues in which famous hostesses, writers, poets, or musicians once lived or visited. I went to *The View from Strawberry Hill* to hear a reading of letters of Horace Walpole, in the Gothic house that is now St. Mary's College.

For the next event, write to Mrs. Aris Banham-Lee, director, Dewes Lodge, Mere, Wiltshire. Subscription is £5 a year, plus the cost of the evening, with all the proceeds going to Action for the Crippled Child.

The Earnley Concourse was founded to run short residential courses for adults: these include *English and Continental Antiques 1700-1900*, with a visit to the Brighton Pavilion, and *Antique Collector's Workshop 1851-1930*, with Mr. Bernard Price as the tutor, discussing everything from pot lids to Parian, William Morris to Art Deco and the designs of Clarice Cliff. The cost is from £9 to £14.50 plus accommodation and food. Programme from Oswald Roberts, administrator, The Earnley Concourse, near Chichester, West Sussex.

Mr. Price is involved in the popular Arthur Negus Art and Antiques Weekends at the Imperial, Torquay, which start again from October 17 with Miss Sylvia Copen-Gardner as a guest-speaker on glass, and an exhibition of period furniture, porcelain, silver and jewellery by the Driffield Galleries, Sutton Coldfield.

Charges are around £117 for room and bath, food and wine, as well as the lectures, and an identification by Arthur and Bernard of any treasures you want to bring along. Programme from Mr. Michael Chapman,



Ceramics expert Geoffrey Godden's new programme of Study Meetings starts on Wednesday, October 15, with a one-day seminar at the Godden Gallery, 19 Crescent Road, Worthing, West Sussex.

Imperial Hotel, Torquay, Devon. The Leisure Learning calendar at Embassy Hotels include Antiques Weekends in Yorkshire, Cheshire and Hertfordshire, led by Miss Rosemary Riggott, with visits to museums and antiques fairs. Cost £49. Leaflet from Miss Jane Easton, Embassy Hotels, 34, Queens Gate, SW7.

But part-time learning is not new. In the early 1880s, when Emma Con, friend of the housing reformer Octavia Hill, took a lease on the Old Vic, "penny popular" lectures by well-known scientists were put on as well as variety and concerts.

In 1885 regular evening classes in a number of subjects were started in the theatre dress-

ing-rooms, while by 1889 educational activities were given their own part of the building, organised as Morley College, named for its benefactor Samuel Morley, textile manufacturer and MP.

Eventually, the college moved to an 18th century building on its present site, which had to be rebuilt after destruction in October 1940.

You can read the fully story in the current prospectus, free, from Mr. Raymond Rivers, vice-principal, Morley College, 61, Westminster Bridge Road, London, SE1. Depending on where you live, instruction and Appreciation, costs from £13 for a basic course of 30 two-hour classes.

## Pennies from America

LURKING AMONG the miscellaneous lots in next Tuesday's sale of English and foreign coins at Sotheby's are several items that recall vividly the makeshift nature of American coinage, both in the colonial era and in the period that followed the Declaration of Independence.

The earliest settlers had little or no use for coined money, and traded with the Indians through the medium of beaver skins or wampum, a form of beads fashioned from musselshells. In Virginia, tobacco emerged as a medium of exchange at an early date. External trade was conducted through the medium of French louis, British guineas, Portuguese joz, Dutch guilders, German thalers and other European coins, but gradually the Spanish gold doubloons and silver pieces of eight won ascendancy.

The peso of 8 reales became the standard unit, often cut in half or divided into smaller fractions to satisfy the need for small change. One real, worth 124 cents, was known colloquially as a bit, and a quarter dollar came to be known as a

two bit coin—a term that persists to this day.

The British Government ignored the demands of the colonists for some regular form of currency and it was left to private enterprise to fill the vacuum. The earliest colonial coinage was the Hogge Money issued in the Somers Island (Bermuda) in 1616, the name being derived from the pigs which appeared on the obverse and alluded to the wild swine with which the island abounded.

The first coins actually minted anywhere in British North America were produced by John Hull who received sanction from the general court of the Massachusetts Bay Colony in 1652 to strike three-pences, six-pences and shillings. The earliest pieces were exceedingly crude in appearance, plain blanks struck with punches inscribed NE to signify New England with the denomination in pence, expressed in Roman numerals, on the reverse.

Barely a handful of six-pences are known, and only two three-pences, but the New Shilling is more plentiful and is worth about £3,000 in very fine condition.

The simplicity of the NE coins invited clipping and counterfeiting and they were followed very shortly by more elaborate designs, known from their motifs as the Willow Tree (1653-60), Oak Tree (1660-67), and Pine Tree (1667-82) coins. The dates are those in which these issues were current, but

the majority of the coins in all three series bore the same date—1652—above the numerals of value on the reverse.

The same three denominations were produced in the willow and pine tree sets, but the oak tree coinage included a twopenny piece, exceptionally, bore the date 1662. The use of the date 1652 on the coins was to give them the appearance of having been struck during the Civil War period, when authorisation by the King would not have been required.

Lord Baltimore fancied himself as a classical scholar and his coins were inscribed entirely in Latin, with his effigy on the obverse and the Baltimore family arms on the reverse. The value, in Roman numerals, was flanked by the motto "Crescite et multiplicamini" (Increase and be multiplied) on the shilling, in sixpence and groat. Tehre was also an extremely rare copper coin known as the denarium,

which demonstrates that Lord Baltimore's Latin was not, as fallacious as he would have everyone believe.

On this coin, intended to pass current as a penny, the reverse bore a dual coronet and two pennants, with the legend "Denarium Terrae-Mariae" (penny of Maryland) round the edge.

These Maryland coins are much rarer than their Massachusetts counterparts, but Sotheby's is offering a fine specimen of the sixpence, whose value is in the £1,200-£1,500 range.

In the early 18th century William Wood obtained a patent for manufacturing token coinage for Ireland and the American colonies and examples of his halfpenny and Rosa Americana twopenny of 1725 are featured in the sales.

These pieces bore a portrait of King George I on the obverse and depicted a crowned rose on the reverse. They derive their nickname from the Latin translation Rosa Americana (the rose of America), the useful with the sweet.

Not surprisingly, Wood's tokens, with their royalist sentiment, found little favour with the colonists and the majority of surviving examples are in comparatively fine condition and are still plentiful for a modest outlay.

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Saturday September 27 1980

## War and other problems

FOR MORE than seven years now it has been true to say that the most intractable problems for the world have been concerned with the Middle East. Whether the Arab world is driven into temporary unity by its hostility to Israel, or is suffering its more usual disputes and unrest, the results tend to be massively disruptive in the outside world. The vast, continuing energy crisis, the disorderly transformation of the world capital market, the increasingly pressing troubles of the poorer countries and the severe setback to détente can all be traced to this source.

## Urgency

For the last week, however, we have seen an open if undeclared war between two important oil-producing states causing little more than a ripple in normally sensitive markets. The gold market, the most reliable of alarm signals, gave only a preliminary twitch. Oil prices were largely undisturbed until yesterday and the moves in both the Arab world and among the great powers to mediate in the war and keep the Gulf open followed a rather leisurely course in the initial stages. This lack of urgency was not altogether surprising: Iran under Khomeini has become a country without allies or even friends; but it is also, unhappily a reminder that the outside world has at the moment other urgent worries.

The brutal truth is that most of the world now seems to be moving into a co-ordinated recession even sharper than the co-ordinated boom of 1973—but with disappointing effect, so far, in respect of inflation. By June, the last month for which estimates were available, industrial production in the main Western countries was falling at an annual rate of 1.1 per cent compared with a previous relief of 0.7 per cent; subsequent figures are probably worse, except in the U.S.

One result has been a world-wide oil glut: the fall in deliveries was a positive relief to oil companies which have run out of storage space. Unless the war causes a major disruption in supply, governments will remain pre-occupied with the more pressing problem of how to correct a strongly inflationary recession.

Countries where management has been relatively successful in recent years are considering some measure of stimulus.

In Japan and France credit restrictions have been eased, though fiscal policy remains tight. In Germany, where monetary policy remains designed to check inflation

through a strong exchange rate, while attracting external finance for the balance of payments, there is a heated pre-election debate over the permissible level of Government borrowing.

It is in the two main English-speaking countries, however, that the combined problems of inflation and recession are proving most intractable. While many of the difficulties of the two countries are very different, Government policies in both contain the same inner contradiction: heavy Government borrowing in a financial market constricted by tight monetary policies.

The result in the U.S. seems sadly like our own recent history: interest rates are rising strongly at the first sign of a revival in credit demand. This could easily abort any real recovery; and unfortunately the tax policies already proposed by Congress, and still more those proposed by the Republicans in the election campaign, are likely to prolong the agony. The warnings of Mr. Paul Volcker, the chairman of the Federal Reserve, seem so far to have found a largely deaf audience.

## Reverses

In this country the policy debate has advanced a stage further. The Government now desperately wishes to create the conditions in which interest rates can be reduced sharply, but the available means are all unpalatable. One danger is a sharp confrontation over public sector wages; though the hawks may feel that the present dissent within the TUC means that there is never likely to be a better time for such a confrontation.

Relations with the local authorities are also likely to remain extremely hostile, and the further and determined spending review for 1981 which will occupy Ministers this winter will amount to a further choice of battlegrounds.

However, there are already reverses on other fronts. The continuing steep increase in unemployment, rising by some 80,000 a month, has persuaded the Government to yield enough to the recession to provide an extra £400m for British Steel, and no doubt a further large sum for B.L., as well as forgiving the Meriden co-operative its debts: the growing indignation of commuters has produced £40m for British Rail, and may temper other price rises. Hence the urgent review of monetary control methods now pre-occupying Whitehall. Next week the Labour Party will produce a diversion at Blackpool, but the week after that the Tory faithful will demand reassurance.

when mixed cargo became the province of container ships. That revolution moved the transport planning problem inland: massing large numbers of ships at one point would merely exacerbate a problem which is already quite pressing enough, just servicing Felixstowe with road access.

The virtues of the Maplin airport proposal are even more obscure. I have been under the impression the proposal was dealt a mortal blow by the association of British Chambers of Commerce way back in October 1973. Their still-to-be-refuted study was cribbed in large pieces by the July 1974 White Paper which eventually buried Maplin.

Among its numerous rejections of Maplin's big-for-bigness folly, the ABCC did point out, prophetically, "Take the aircraft noise element out of the Maplin equation and the rest is an economic non-starter: yet the world aerospace industry will take out the aircraft noise problem anyway, Maplin or no Maplin."

It is unlikely whether anyone will turn back the clock in civil aviation, scrap the world's container ships, redesign the industrial geography of England or reverse the flow of heavy industry to the Third World, merely to demonstrate that Mr. Bernard Clark's brainchild was a good idea after all.

Christopher Meakin, 26, Desfontaines Road, SE21.

**Fledgling market**  
From Miss Isobel Cassidy  
Sir, — Apropos Observer's appeal (September 22) for a more suitable designation for the new Unlisted Securities Market launched by the Stock Exchange, may I suggest that emphasising the high risk element may have a somewhat negative effect psychologically if the Stock Exchange wants to encourage the small investor and company.

Something which indicates that the securities are secondary

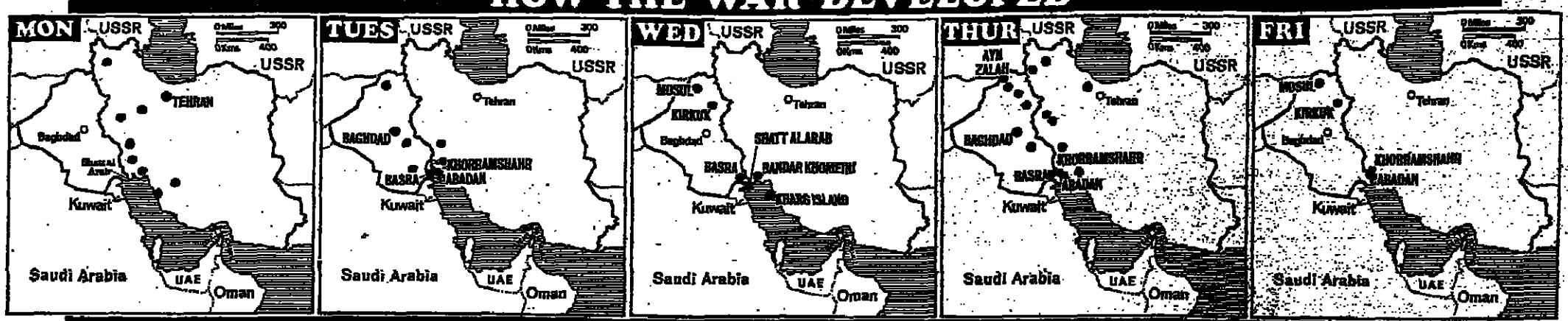
to the SE main list, are new but with potential, might be conveyed suitably by an indicative word such as "Fledgling" or "Tiddler". Market. If and when they ever attain SE Quotation they duly come of age and achieve elevation to the SE main listing.

Meanwhile investors would be alerted to the junior status and regulate their investment expectations accordingly. (Miss) Isobel Cassidy, 30, Chadstone House, Hutton Road, N1.

**Value for money**  
From Mr. Rowan Jones  
Sir, — Robin Pauley's call for the efficiency experts to be brought into local government (September 24) seems to me to be just one more interesting but lamentably irrelevant and negative proposal to emerge from the current rhetoric surrounding local authority spending. Irrelevant because measuring value for money in any remotely objective sense, by Lamson or by anybody else, is an impossible task; negative because there is a positive alternative reform which could be made which has been obscured.

Value for money means, quite literally, output for input. Of these two dimensions, "output" cannot be measured objectively, it will always be a matter of opinion. Input on the other hand can be measured with much more, if not complete, objectivity. It is achieved by the accounting model and this is where the financial statistics which are currently being bandied around are generated.

Unfortunately, although the model handles some information very well, the problem is that because of the idiomatic nature of local authority accounting much necessary information is not communicated. For example, the levels of current spending on both revenue and capital account are known with a great deal of accuracy. For obvious reasons the Government's attention is focused



**MONDAY:** war starts with Iraqi air strikes against Iranian cities including Tabriz, Tehran, and Khorramshahr. Naval fighting in the Shatt al-Arab waterway. **TUESDAY:** Iraqi troops cross border; Abadan, Khorramshahr and Ahwas hit. Iran bombs and strafes cities including Baghdad and Basra. Iraq claims to surround Abadan and Khorramshahr. Further naval fighting at the mouth of the Shatt. **WEDNESDAY:** first Iraqi attack against Kharg Island; Iran replies against oil terminals in the Shatt, also Kirkuk, Mosul and Basra. Iraqi strikes for first time at Bandar Khomeini. **THURSDAY:** Baghdad among other cities hit; Kirkuk and Basra damaged again. Further fighting around Khorramshahr and Abadan. **FRIDAY:** heavy fighting around Khorramshahr and Abadan. Iranian aircraft again hit Mosul and Kirkuk.

## Iran begins to recover its nerve

An assessment from TEHRAN indicates a mood of growing confidence as Iraq overstates its successes

A NEW mood of confidence has come over Iran's leaders as for the first time gaping holes have appeared in the Iraqi side of the propaganda war that has gone on as intensely as the shooting war during the past week.

By claiming that Iran's leader, Ayatollah Khomeini was dead, and that the important port of Khorramshahr had been occupied the propagandists in Baghdad have revealed critical weaknesses to their Iranian counterparts.

"Until I heard these obvious lies I thought that the Iraqis had everything worked out," said a student outside Tehran's university. Not only is the Ayatollah still alive, but the fighting around Khorramshahr has given the Iranians an heroic symbol.

With no sign yet of any Iraqi breakthrough into the port, Baghdad has been forced to retract its claim, saying simply that the statement had been "premature."

An Indian doctor speaking by telephone from the

beleaguered Khorramshahr said yesterday: "The shelling has been terrible. The position of my hospital is close to the worst affected areas, but so far we haven't seen any sign of the Iraqi forces and, as far as I know, they are still outside the city."

During the five minute telephone conversation, four separate explosions could clearly be heard over the line, confirming reports that the Iraqi forces are subjecting the city to a severe barrage.

Asked about casualties, the doctor said: "This hospital is too close to the shelling for the seriously wounded, and anyway, without water or electricity there is little that we could do."

A housewife, speaking on the 'phone from Khorramshahr later yesterday, added that the

strategic bridge across the Karun River, in the city, was still definitely in Iranian hands. She had risked the shelling to cross it looking for food and news of what was going on. "Most people near where I live have already left," she said. "But they have shelled us every day this week, and last night for the first time it continued all night long, and is still going on."

Concern for food supplies and fresh water would have been uppermost in the minds of residents of Khorramshahr yesterday. The water supply was cut off three days ago, and electricity two days ago, so there is little food left in many homes that has not gone rotten.

Despite this, the people seem confident and rejected out of hand any suggestion of surrendering the city, and several

women echoed the statement of one that her husband was out "building barricades and getting arms from the revolutionary committee."

In response to this new mood—as well as to firmly quash rumours of his death—Ayatollah Khomeini today gave a message to the Iranian people. Speaking in person to the "Iranian army, Iranian people, the Iraqi army and the Iraqi people," he once again called for the overthrow of the regime in Baghdad.

"Now that he is at war with us, you should stab him in the back . . . he called to the people and army of Iraq. "Finish him off before we do . . ."

This time the Ayatollah had specific tactics to urge on the Iraqi people. "Organise big marches, go on strike, refuse to pay your taxes, don't pay your electricity or water bills, blow up government offices . . . were what he suggested."

With five days of increasingly severe fighting behind them, both sides must be beginning to review the progress of the war so far. For Iran the claims from Baghdad have come at just the right time. "It shows that

Saddam Hussein is losing confidence and is trying to win over people," said one junior army officer, walking in a park in Tehran with his arm in a sling. He had been injured in fighting earlier in the war and admitted that then he had feared for Iran's chances against a concerted Iraqi push.

For most of this week Iraqis have felt that they were on the receiving end of a carefully planned Iraqi military and propaganda attack. Some at first were even inclined to dismiss the whole war as "unnecessary and only something into which two leaders out of touch with reality could have dragged their countries."

Even Thursday night's air raid practice seemed at first only to have spread fear, but with the news of the pitched battle being fought for Khorramshahr this was all changed. Now there are few if any Iraqis who do not know what side they are on and what they are fighting for.

Significantly, even those who had little love for the Islamic republic, have stopped listening to the exiled Iranian opposition radio station — "they're just traitors" said one elderly lady, who confessed still to admire the late Shah.

Complaints about Iran's official news media have been frequent and two revolutionary guards on duty in Tehran yesterday could be heard conversing the details of the fighting being given by the state radio and the BBC. After a lengthy statement from the army command, their conclusion was that "Iranian radio" was improving.

The statement by the armed forces covered the fighting over the whole of the past month. It claimed that the oil industries of both countries have been badly damaged and that, however, casualties on both sides had not been high. Border posts of both states had nearly all been destroyed.

The statement admitted that the Iraqi forces had entered into a number of border towns and that much of the fighting is now taking place inside Iran. Referring to the Abadan refinery the army said that parts of it had been destroyed, and that in other areas it was still on fire and the flames could be seen from some distance.

## Iraq seeks to avoid a stalemate

Richard Johns in BAGHDAD reports on a war "no one can win" and the personal antagonisms behind the present conflict

THE Baathists means that no one knows for certain how much money Iraq has to pay for its war effort. Western bankers estimate that it has now accumulated foreign assets worth \$800m.

Iraq's dynamic ruler has staked a great deal on a successful outcome to the conflict. My acquaintance's discreetly pessimistic assessment of the possible costs to the country was in bleak contrast to the patriotic fervour emanating from Iraqi TV these past few days.

Programmes have consisted largely of footage depicting the strength, proficiency and valour of the Iraqi armed forces, interspersed with rousing patriotic and martial songs. Failure to bring about capitulation of the "Persian racist" and "Iran's arrogant political leadership" could, at the very least, be

gravely embarrassing. In Baghdad itself the impression is that the predominant sentiment is one of relief rather than pride that Iraq has seemed to be on top in the war. There has been little sense of elation in official claims of Iraq's military victories. But, then, this is a country subdued by past political instability and the tough authoritarianism of the present regime.

Iraq's immediate and basic objectives were outlined on Wednesday night by General Adnan Khairallah, the Deputy Commander in Chief and Minister of Defence, who is also Mr. Hussein's brother-in-law.

They amount, first, to the assertion of Iraq's claim to sovereignty over the Shatt al-Arab waterway and the recovery of slithers of territory amounting to some 320 square km judged to have been appropri-

ated by Iran in contravention of the somewhat obscure Constantinople protocol of 1913.

But the nationalistic issues in the background should not be underestimated. Shatt al-Arab is particularly important to Iraq as a landlocked state. Under a treaty signed in 1937, regarded in some quarters as an "unequal" imperialist imposition by Britain, control over the waterway was given to Iraq. Only limited upstream rights were granted to the Iranian part of Abadan and Khorramshahr.

The Shah in effect abrogated the treaty in 1968—wielding the iron fist of military might and humiliating Iraq in the process—just one year after the Baathists seized power. The element of pure revenge, as well as the more obvious personal antagonism between Mr. Hussein and Ayatollah Khomeini, who was exiled in Iraq under virtual house arrest for 14 years, are strong motives for the war.

After exhaustive efforts at mediation by several Arab countries, a settlement was reached in Algiers at an OPEC summit five years ago between the late Shah and Mr. Hussein.

then Vice President of Iraq. It gave each side equal rights over the Shatt al-Arab. The pact was on Iran's part was an undertaking not to promote Kurdish dissidents in Iraq.

Two other issues have also become entwined in the current war.

First there is Mr. Hussein's desire to assert Iraq's leadership—and his own—in the Arab world. In the pursuit of this he has put aside the traditional radical, Left-wing stance of the Iraqi Ba'ath party, and has developed a close practical alliance with conservative Saudi Arabia as well as drawing close to Kuwait and Jordan.

This swing towards the Centre has, to varying degrees, alienated or irritated the Palestine Liberation Organisation, Syria, and Algeria. But over the war with Iran, Iraq has received verbal support from nearly all Arab countries, including Egypt.

Second, Saddam Hussein is seeking not only authority, but also popularity. One problem, probably exaggerated, is that part of Iraq's population belonging to the Shia sect of Islam which dominates the present Iran regime, and which includes

activists aroused by Ayatollah Khomeini's call for Islamic revolution. Mr. Hussein's Government, like all its predecessors in recent times, dominated by the majority Sunni sect (though it is in no way religiously inclined).

The regime's desire to broaden its narrow base cannot be doubted. A step in this direction which surprised many observers in its apparent sincerity was the recent establishment of the long promised National Assembly by means of an election that was not totally dominated by the ruling party.

Steady in its dedication to development, the regime has been hindered rather than helped by the heavy hand of state planning. Yet the achievements insofar as they can be judged, have not been inconsiderable.

However, fulfilment of these ambitions could be badly set back by a war that must inevitably be a serious drain on the resources of even a country as rich as Iraq.

Anything like a stalemate could quickly reverse not only Hussein's political fortunes, but also send the economy into reverse.

## Letters to the Editor

## Maplin's flaws

From Mr. Christopher Meakin

Sir, — I think we owe a debt of gratitude to your correspondent Mr. Bernard L. Clark for revealing that he is the originator of the hare-brained scheme to build, at Maplin, a mirror-image of Europort/Rotterdam and of Charles de Gaulle airport. I for one have often wondered where it all came from.

There are at least three fundamental flaws in the Maplin airport idea—and as many again in the airport—quite apart from the sheer cost. A decent map provides the quickest way to understanding both the (now waning) success of Europort, and the inevitable failure of Maplin had it ever been built.

Both seaports are chiefly concerned with deep-sea shipping which for Western Europe means ships passing through the Western Approaches. Europort is about as near as Germans, Dutch, and the rest can get to those shipping routes. Maplin is about as far away as the English could ever get.

Try telling owners of fuel-hungry, capital-intensive ships that an extra 12-16 hours steaming (in either direction) to travel 180 degrees round England's industrial heartland before putting into port is not important! Significantly the two post-war "ports" developed in the British Isles (Milford Haven and Bantry Bay) have both been on deep water West Coast estuaries—hundreds of miles from Maplin.

The map reveals another equally vital fact: the link between hinterland size and port size. The massive Rhine hinterland includes the Ruhr, the Main, the Mosel and runs right up to Alsace and even Switzerland. Contrast Maplin: the comparable Thames hinterland stretches all the way to Brentford.

If Britain really had to indulge in estuarial reclamation, the Severn would make much more sense on both counts. Yet even that concept faces the challenge posed 15 years ago

when mixed cargo became the province of container ships. That revolution moved the transport planning problem inland: massing large numbers of ships at one point would merely exacerbate a problem which is already quite pressing enough, just servicing Felixstowe with road access.

The virtues of the Maplin airport proposal are even more obscure. I have been under the impression the proposal was dealt a mortal blow by the association of British Chambers of Commerce way back in October 1973. Their still-to-be-refuted study was cribbed in large pieces by the July 1974 White Paper which eventually buried Maplin.

Among its numerous rejections of Maplin's big-for-bigness folly, the ABCC did point out, prophetically, "Take the aircraft noise element out of the Maplin equation and the rest is an economic non-starter: yet the world aerospace industry will take out the aircraft noise problem anyway, Maplin or no Maplin."

It is unlikely whether anyone will turn back the clock in civil aviation, scrap the world's container ships, redesign the industrial geography of England or reverse the flow of heavy industry to the Third World, merely to demonstrate that Mr. Bernard Clark's brainchild was a good idea after all.

Christopher Meakin, 26, Desfontaines Road, SE21.

**Fledgling market**  
From Miss Isobel Cassidy  
Sir, — Apropos Observer's appeal (September 22) for a more suitable designation for the new Unlisted Securities Market launched by the Stock Exchange, may I suggest that emphasising the high risk element may have a somewhat negative effect psychologically if the Stock Exchange wants to encourage the small investor and company.

Something which indicates that the securities are secondary

to the SE main list, are new but with potential, might be conveyed suitably by an indicative word such as "Fledgling" or "Tiddler". Market. If and when they ever attain SE Quotation they duly come of age and achieve elevation to the SE main listing.

Meanwhile investors would be alerted to the junior status and regulate their investment expectations accordingly. (Miss) Isobel Cassidy, 30, Chadstone House, Hutton Road, N1.

**Value for money**  
From Mr. Rowan Jones  
Sir, — Robin Pauley's call for the efficiency experts to be brought into local government (September 24) seems to me to be just one more interesting but lamentably irrelevant and negative proposal to emerge from the current rhetoric surrounding local authority spending. Irrelevant because measuring value for money in any remotely objective sense, by Lamson or by anybody else, is an impossible task; negative because there is a positive alternative reform which could be made which has been obscured.

Value for money means, quite literally, output for input. Of these two dimensions, "output" cannot be measured objectively, it will always be a matter of opinion. Input on the other hand can be measured with much more, if not complete, objectivity. It is achieved by the accounting model and this is where the financial statistics which are currently being bandied around are generated.

exclusively on these figures. But they only mean anything in terms of measuring performance of local authorities in the context of past levels of revenue and capital expenditure—and by "past" I mean back to the very beginning of local government.

At its most fundamental, the current debate is comparing the performance of the primary school built in 1880 with the primary school built in 1975. Comparing the levels of current spending or put another way, the rate levies required, for these two schools on the basis of the figures provided by the local authority accounting model, is simply not comparing like with like. This is because there will be no capital cost for the former school recorded in the accounts. What the model is saying is that it is provided free of charge. On the other hand, the capital cost on the new school, particularly in the light of the current high interest rates, will be a long way from being "free."

This means that the denominator in our value for money ratio is strictly not comparable. But the point is that it can be made so without impairing the objectivity of the measure. This is, I believe, where the real reform should be made. It will not of course prevent the rhetoric surrounding the output dimension but it will certainly improve the quality of the debate.

Rowan Jones, Department of Accounting, University of Birmingham.

**Artful dodgers**  
From Mr. J. W. Davison  
Sir, — The apparent inability of the authorities to track down car taxation dodgers seems somewhat surprising.

Some time ago it was a bobby of small boys to collect car numbers and this suggests a scheme. Why not encourage small boys to collect the numbers of cars not displaying the taxation discs, together with their location, and call round to the police station?

Now we have had demonstrated on the radio, the ability of the police to track down any car number within a few seconds on the computer, so the first small boy to report could be determined and a reward given of say one pound.

The next move would be for the police to impound the car until all outstanding taxes and expenses were paid or the car sold to defray these.

Since most cars appear to be "garaged" in the street there should be a good haul.

J. W. Davison, 2, Ashwood Terrace, Sunderland.

**Electoral systems**  
From Mr. A. F. Smith  
Sir, — I must take issue with Malcolm Rutherford (Sept. 19) when he says that the Federal German electoral system gives the Free Democrats far more power than its electoral support would warrant. Subject to the limits imposed by the 5 per cent minimum rule (a very dubious arrangement) the German system does produce a result relating seats proportionately to votes. What Mr. Rutherford forgets, constrained as he appears to be by the narrow thinking imposed by our own first past the post system, is that the assembly is a reflection of the voters' wishes. They do not have to vote as they do—they could give either of the two larger parties a clear majority as they did in 1967. They have so far not wished to repeat that exercise.

As the voters at large are represented proportionately no group can be said to have far more power than their support would warrant. There is nothing to stop the two larger parties from cutting out the FDP as they did in 1966 for three years or so.

I would have thought it a much more appropriate comment on the British system of election where a party was elected to power in 1974 with 39 per cent of the popular vote and in 1979 with 44 per cent and

proceeded to implement policies very much at odds with those advocated by the parties representing a considerable majority of the electorate.

A. F. Smith, 14 Wensleydale Road, Hampton, Middx.

**Crumbling buildings**  
From Mr. William Allen  
Sir, — Mr. Kreamer (September 23) joins Mr. Mason in some special pleading for the curials which their respective firms offer, but the curials themselves are different. One says it's all in the supervision, the other that when something goes wrong, at least there's no question about where the blame lies, and they will put it right.

With respect, are not your correspondents abusing your hospitality a little? Each has something to sell but neither is seriously trying to get at the root problem. Reputable architects, engineers and builders are all experiencing difficulties; are your correspondents saying that they are so much better in every department that they will avoid them?

I think that is unlikely. In the building world we have much the same kind of problem as that which medicine has for example; we are confronted by a wide variety of scientific and technical innovations and occasionally the consequences of using them are not foreseen. A few of them are probably not foreseeable. Sometimes the information necessary to do so has not been provided.

But I too would be abusing your hospitality to seek to deal with all this in a letter and I will only add that when a really expensive misfortune occurred, and the chips are down, discovery of the exact cause has to be established and can take months, perhaps even a year or more, and by then the insurers will usually be calling the tunes, not their clients.

William Allen, Bickerdike Allen Partners, 16 New End, NW3

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John Lloyd looks behind the dismissals at Congress House

# TUC: the cracks begin to show

IS THE TUC General Council engaged in a "purge of the moderates?" And if it is, who is administering the dose to whom?

The moves inside Congress House over the past two weeks have been dramatised as the start of an historic split within the TUC. That is almost certainly an exaggeration. The ousting of Mr. Frank Chapple from the TUC finance and general purposes committee is the culmination of personality clashes that have been evident for years. In a word, Mr. Chapple has been judged by his colleagues to have gone too far. His fate is far less severe than that which in the past befell two other Right-wing TUC general councillors, Mr. Jack Peel, former general secretary of the Dyers and Bleachers Union, and Mr. Roy Grantham, general secretary of the Clerical Workers (APEX), both lost their general council seats when they got on the wrong side of the big battalions. Much more serious in the longer term would be the expulsion of Mr. Chapple's union, the Electricians, and of the Engineering Union over the long-running Isle of Grain power station dispute. That has been a possibility for months, yet it is hard to believe it will actually happen.

The main events which have precipitated the latest situation have been:

● Last week, the TUC's committee to select committees met, as it customarily does after each TUC conference. It is drawn from the finance and general purposes committee, which itself takes in the most powerful union leaders and acts as the TUC's guiding body on organisation and inter-union disputes. That committee voted, by four to two, to deprive Mr. Chapple of membership of the 12-strong finance and general purposes committee.

● At the general council meeting on Wednesday this week,



Mr. Frank Chapple and Mr. Sid Weighell confer at the TUC Conference (left): Mr. Moss Evans (right).

the council members voted, by 21 to 12, to confirm that decision. It also voted, by 21 to five, to suspend the EPTU and the construction and engineering sections of the Amalgamated Union of Engineering Workers from the TUC if they did not obey its ruling on the inter-union dispute at the Isle of Grain power station construction site by October 10 — a separate issue described elsewhere on this page.

● A meeting of the nationalised industries committee of the TUC, held immediately after the council, voted unanimously to retain Mr. Chapple as its chairman.

● On Thursday, a meeting of the Transport Industries Committee voted by 12 to 7 to remove Mr. Sid Weighell, general secretary of the National Union of Railwaymen, from the committee's chair. He was replaced by Mr. Larry Smith, executive officer of the TGWU and a new member of the General Council, who was not present.

Does this add up to a purge? The arguments for that view are, first, that Mr. Chapple's dis-

missal clearly was a largely political move. He was seen by Mr. Moss Evans, general secretary of the TGWU, as consistently disloyal and disruptive. His public attacks in Conservative newspapers on the TUC's Day of Action on May 14 were regarded with particular horror.

Second, he believes there is a purge, and that it is well organised. That belief is shared by Mr. Weighell, who strenuously opposed Mr. Chapple's sacking, by Mr. Tom Jackson, general secretary of the Union of Communications Workers, who also opposed the sacking, and Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation who would have done had he been there.

Third, Mr. Len Murray, the scrupulously neutral general secretary of the TUC, is reportedly deeply concerned by the move.

The arguments against are a similar mix of the objective and the subjective. First, it is strongly held by Mr. David Bassett, general secretary of the General and Municipal Workers

Union, and by Mr. Evans himself, that the twin dismissals of Mr. Chapple and Mr. Weighell were coincidental.

Second, the fears of Mr. Chapple, Mr. Weighell and Mr. Jackson that the long knives are not sheathed have been denied. Mr. Jackson is chairman of the international committee, which meets on October 6: a challenge to his chairmanship—which could be successful if the "purge" theory is right—has been dismissed.

Clearly, there is plenty of meat for conspiratorial theorists here, but little bone.

A more fruitful source of speculation, if not an answer, may be found by considering the pressures being piled on the TUC and its constituent unions—pressures which are an inextricable mixture of the political and the industrial.

The election of a Conservative Government, and the carrying of an Employment Act on which to date it has not proved easy to focus popular resentment, clearly face the trade union movement with a need for unity. Yet precisely because of the lack of One Big Issue,

agreement on tactics has been elusive. Mr. Chapple publicly bombed the Day of Action, but others on the Council privately sniped at it. Some general secretaries worked hard to make it a success, and rightly complained that what successes there were were generally under-publicised. Others did little, and did not care.

The political centre of the TUC has still to be found. A clear ring-wing block, composed of the AUEW and the EPTU, has formed but does not dominate. The TGWU is on the left, and has allies, but has not yet established its hegemony. The centre, in which the most prominent union is the GMWU, is still to play for.

The pressures are as sharp industrially. Trade union membership is falling, for the first time in the active life of most trade union leaders. The smaller and medium-sized unions are particularly squeezed by rising costs and a shrinking revenue base, and are looking to merger partners. All unions are more than usually anxious to recruit, and are often bruising each other in doing so. A plethora of amalgamations are mooted, on both industrial and political grounds.

Unemployment and closures are causing workers in some industries to settle for below-inflation increases, sometimes against their leaders' advice. Calls by officials to protect jobs have fallen on ears deafened by the blanket of immediately attractive redundancy payments.

All these elements take precedence over personality clashes which have been shaped into the TUC tableau of the past week. They both constrain and mould the actions of the TUC leaders. Clearly, they do not rule out the possibility of conspiracies, purges and the rest. But they do mean that, even if they exist, their success cannot be assured, and their effect is likely to be limited.



Protagonists in the Isle of Grain dispute: Mr. John Baldwin, Mr. Terry Duffy and Mr. David Bassett.

## How a dispute exploded

THE ENGINEERING and construction sections of the AUEW and the EPTU, representing nearly 1.7m members, are in danger of being suspended from the TUC. How has this all but unthinkable possibility come so close?

Mr. Frank Chapple believes it is because the TUC General Council has supported the actions of "27 handits." The General Council agrees that the 27 insulation engineers, or ladders, previously employed at the Isle of Grain construction site, are at the root of the present impasse: but both Mr. Chapple and the General Council know that there is an immense superstructure resting on their shoulders.

The 27, members of David Bassett's GMWU, went on strike last year because the client on Grain, the Central Electricity Generating Board, insisted that they cease to enjoy their traditional high bonuses and instead conform to the rates prevailing among other craft workers on site. In April this year, the AUEW and the EPTU agreed to provide replacement ladders, of which there are now 57 on site—though they are members of other unions as well as of these two.

They did so because, as they

have argued, the CEGB would have closed the site if ladders had not been supplied: they were, they say, saving the jobs of about 1400 workers employed there.

At the same time, however, they were clearly in breach of the Bridlington agreement, the 40-year old principle which lays down that no union shall recruit members in an area of work traditionally reserved for another. That principle is clearly of the first importance to the TUC, whose chief area of authority is in settling inter-union disputes. It must cling to a rule which, if broken, could be the thin end of a very thick wedge indeed.

The TUC's case, laid out carefully by Mr. Len Murray after the Wednesday Council meeting, is that it has gone out of its way to try to bring peace. It has twisted the arm of the GMWU to make it accept that its ladders must work under common wage and bonus rates, and it has guaranteed that it will keep an eye on the site and ensure continued working. Further than that, Mr. Murray said, it cannot go.

The ball has clearly been passed to the AUEW and the EPTU, who have shown no signs of compromise. Mr.

Terry Duffy, the AUEW engineering section's president, said after the council meeting that his members on site were convinced the TUC formula would not work. Mr. Chapple said he cared more about his members on Grain than for the General Council. (Mr. John Baldwin, general secretary of the AUEW construction section, said earlier this month that if it came to a choice between letting down his members and expulsion from the TUC, he would take expulsion.)

It is likely there will be moves, possibly on the fringes of the Labour Party conference next week, to try once more for a middle way. Suspension of the two unions who have already moved close together politically would be a real split in the trade union movement, as opposed to the putative ones which have been forecast this week after the dismissals of Mr. Chapple and Mr. Weighell.

Yet the two principles—hard-headed realism on the ground, claimed by the AUEW/EPTU axis, and obedience to Bridlington, insisted on by (so far) everyone else—are far apart. Both sides feel it would be humiliating to try to reconcile them.

## Weekend Brief

### Queen of the Gulf

While the giant tankers and modern container-ships were hurrying to leave the Gulf this week, an elderly British passenger ship, affectionately known as the Queen of the Gulf, was slowly working its way up to Kuwait.

The 33-year-old Dwarka is far and away the oldest ship in P&O's fleet and its British officers and native crew are old hands when it comes to Middle East conflicts. Its sister ship, the Dara, was blown up by terrorists' bombs off Dubai in 1961 with the loss of 238 lives and the Dwarka itself managed to get out of Karachi only four hours before the Indians attacked.

The Dwarka is a household name around the ports of the Gulf. It was built in the year India got its independence and has been occupied ferrying pilgrims and itinerant workers back and forth between the Indian sub-continent and the Gulf ever since. Apart from the Uganda, which is now a cruise ship, the Dwarka is the last surviving member of the famous British India Line.

It makes its 16-day round trip between Bombay and the Gulf ports 15 times a year. It carries some cargo but mostly passengers which it drops off and picks up at Muscat, Dubai, Doha, Bahrain and Kuwait. It has few competitors apart from the aeroplane.

The advent of air travel has reduced its business but it has still found a niche for itself since many of its 1,000-odd passengers have large amounts of baggage which they carry with them on deck.

The Dwarka's master, Captain C. A. Hankin, is an old India hand. His father was a British India master and he himself was born in Ootacamund, the Indian hill station above Madras.

Captain Hankin is well known and liked around the Gulf and keeps his ship spotlessly clean. He speaks several of the local languages and in "off-duty" moments can occasionally be seen in Arab dress.

His ship would do justice to a Joseph Conrad novel. There is plenty of wood panelling in the public rooms and during the heat of the day canvas awnings are stretched over the decks to protect the sleeping passengers. Recently the ship has been fitted with air conditioning but that is the only concession.

However, the Dwarka's days are numbered. Although it still makes a profit for its owners the combination of cost and new safety regulations makes it most unlikely that P & O will build another passenger ship for this service.

Originally, British India had four ships on the run. The Dara sank after its explosion and the other two have been sold. Within the next few years the Dwarka will probably also go and all that will be left of the famous British India line will be a few fond memories of women in purdah and mullahs leading passengers in prayer at sunrise and sunset.

The little bit of Britain that lingers yet in the heat of the Gulf... radio ears turn to the east... life in the television hot seats... and a new way of getting at wine



The Dwarka: sparkling reminder of another age.

### Ears of the world

The war which has been rocking the Middle East has also raised temperatures in a sleepy-looking country house which is a real-life relic of "Dad's Army" days.

Inside the former oratory school in Capenhurst Park, near Reading, Persian and Arabic linguists have been listening around the clock for the latest war bulletins from the Iranian and Iraqi radio stations. Most are picked up by the service's airmails in Oxfordshire, five miles away.

For Government departments and the news media, Capenhurst provides an immediate, and sometimes unique, source of reports on what the belligerents, and many other countries, are saying about the threat to the world's main oil lanes.

Their reports are handed to Capenhurst's news bureau which sends them by teletype to subscribers. The service also issues printed summaries which are distributed in London next morning by BBC messengers to all who wish to pay for them.

The Persian monitors were more ready for the latest crisis than the Arabists. They had been on "open watch" ever since Sunday, November 4, 1979, day that Islamic Revolutionary students seized the U.S. embassy in Tehran.

But although tension rose, there was no sense of panic. Since the monitoring service was founded, a week before the outbreak of the Second World War, it has become used to its role as a key British listening post.

In the weeks before the Gulf crisis, it had been plugged into the Polish radio coverage of the Gdansk workers' general strike. Last year, it covered Kabul radio's announcements on the invasion of Afghanistan. In earlier years, it tuned into the Hun-garian, the Cuban, the Czech and the Czechoslovak "spring" of 1968.

Some of its most notable "news breaks" were in the 1950s and 1960s. Those years were punctuated by waves of coups d'état in the Arab world. Thanks to Capenhurst, the first the world knew of them was often when the revolutionaries captured the country's radio station and announced the fact to listeners.

In contrast, Capenhurst's own atmosphere is anything but hurried. Documents are distributed around the building along a Heath Robinson arrangement of wires and pulleys, as well as a tubes system.

The service came to Capenhurst in 1943 from Evesham. One of its first report writers was the late Gilbert Harding, who later became what was once known as a "broadcasting personality."

Another veteran is Victor Zorza, the Kremlinologist, who started off as a Russian language monitor.

Many early monitors were fugitives from Hitler, eager to put their mother tongue at the service of their adopted country. A handful of veterans are still at work, including Carl Lehmann, a former German monitor, now in charge of news and publications.

George Novakovic, head of the reception department, started work as a Serbo Croat monitor in 1947, a year after settling in England.

He and the other old timers have seen many changes. From its first small group of European monitors, the service now boasts 115 translators, working in 35 languages.

One thing that has not changed is the complaint that the service has too little money. As a part of the BBC's external services, it is financed by the Treasury, and according to Novakovic, "they get a bargain."

### Full time for TV's part timers

Admirers of the chirpy plombl with which Mary Warnock, member of the Independent Broadcasting Authority, handled the public meeting at which the eight star-studded applicants for Britain's proposed breakfast television service presented their plans in Croydon's Fairfield Hall this week might have thought she had plenty of time to prepare for the event. Those who sat through the lengthy affair might also feel she needed time to recover. In fact the redoubtable Ms. Warnock had spent the previous evening chairing a similar meeting in the turbulent television waters of the West Country and scarcely had time to scurry back to London before setting off for the suburbs to keep Messrs. David Frost, Christopher Chataway, Lord Lever, Robin

Scott et al in order.

After that daunting experience she was at the IBA's Knightsbridge headquarters the next morning for a 9.30 start on a day which included deciding what sort of slap to administer to the warring factions at Westminster. Such was the debate that the day continued through a sandwich lunch and ended at around 5.30, with each Authority member getting a nice wad of homework to take away.

Warnock is but one of the IBA's 12 members, all of whom have been taking their turns at appearing in various halls up and down the country listening to local pressure groups expounding on their theories of television. Since most of them have other jobs, the Home Office's promises when they were appointed — the usual suggestion is that it should take one full day a fortnight to earn the £2,250 a year they each receive — are beginning to ring a bit thin.

Given that the burden of choosing Britain's new commercial television contractors is proving such a heavy one ("there's so much paper, every time there's a meeting I say 'well there goes another Canadian forest,'" remarked one hard pressed aide) it is no wonder that there is a universal testiness within IBA corridors with the goings on at Westminster's letter to the warring parties was intended to be every bit as brutal as it sounded.

Some members of the Authority are sufficiently impressed with Westminster's rivals to give the troubled Plymouth incumbent some cause for concern.

The IBA dilemma is that it loves the company but is less than enthusiastic about its managerial battles. Could it be that it is moving towards some imposed coup that does not reshuffle the board, but throws the whole pack aside for a more amenable alternative?

### A better way of doing it

Herb Allen has always believed in the old adage that if you build a better mousetrap the world will beat a path to your door. And now, at the age of 73, he has proved it — only not with mice. Allen, a retired Texas oil industry engineer and former president of the Houston-based Cameron Iron

Works, has invented a better corkscrew and the world is daily knocking on his door with orders, requests for distribution rights and pleas for manufacturing franchises. So great has been the avalanche of orders that Allen's small family-run production plant can no longer meet the world-wide demand and Allen is expanding across the Atlantic with a second production plant to be sited in London to serve his fast-growing European market.

From January 1 the North London factory will begin manufacturing what Allen is billing as The World's Best Corkscrew, and having seen the implement in action on a number of corks of varying ages and textures I wouldn't accuse him of hyperbole.

Allen was in London from Houston this week to talk to UK raw material suppliers for his new plant, and to demonstrate to the wine trade, and to potential retailers the wonders of his brainchild.

At first glance it seems an unlikely offspring from a retired oil industry engineer. But Allen says that he has spent much of his 50-odd years in the oil business inventing superior drilling devices for oil rigs. The difference between that and bottle corks is largely one of scale. But the connection was slow in coming. It was only after Allen had retired from the oil business to potter in his 8,000-bottle wine cellar beneath his Houston home that he got to thinking about corkscrews.

"I have some very fine wines, mostly Bordeaux and Burgundies that I had gathered during my travels and many of them have very old, and very delicate corks. I tried every corkscrew on the market but I couldn't find one that was both easy to use and left the cork intact every time. So I decided that I would invent the perfect corkscrew. It was quite a challenge in a business as old as cork-pulling to come up with something completely new."

The challenge was tougher than Allen had expected. It took him two years of trial and error before he eureka'd with The Screwpull, an implement which would win no awards for its aesthetic appeal, but is absolutely idiot-proof. It consists of a simple plastic frame that settles down on to the wine bottle, plus a thin helical screw of high tensile teflon-coated stainless steel, which pierces the cork right through the centre even with the lead capsule still in place. After several rotations, and no force whatsoever, the cork climbs right up the screw and out of the bottle.

When Allen launched the Screwpull in the U.S. last autumn it was leapt upon with great glee by assorted oenophiles, wine scribes and restaurateurs who were unanimous in labelling it "infalible." On this side of the Atlantic it has already won similar acclaim from those in the wine business. But the accolades that really count, says Allen, are those from the Académie du Vin in Paris, which ordered a gross for its wine-tastings.

### Contributors:

William Hall  
Maurice Samuelson  
Arthur Sandles  
Robyn Wilson

## Economic Diary

TOMORROW — IMF Interim committee meets, Washington.

MONDAY — Labour Party Conference opens, Blackpool. Quarterly analysis of bank advances (August final). EEC Fisheries Ministers meet, Brussels. Two-day meeting of EEC Agriculture Ministers opens, Brussels. IMF development committee meets, Washington.

TUESDAY — International Monetary Fund annual meeting begins, Washington. Mr. William Whitelaw, Home Secretary,

addresses United Internationale des Syndicats de Police Congress, Brighton. Mrs. Margaret Thatcher opens accommodation for disabled, Haringey Housing Association, Southwark, London.

Mr. Anthony Wedgwood Benn speaks at Christian Socialist meeting, Blackpool. Uganda's first general election in 18 years.

WEDNESDAY — Sir Geoffrey Howe, Chancellor of the Exchequer, addresses full meeting of International Monetary Fund and International Bank for Reconstruction and Development, Washington. Advance

energy statistics (August). Financial Times conference on Financial Futures for European Institutions, London. Hilton. Chairman of British Broadcasting Board of Governors at Newspaper Society Council lunch, Stationers' Hall, London. THURSDAY — UK official reserves (September). Capital issues and redemptions (September). FRIDAY — Statement by British Paper and Board Industry following meeting with Mrs. Margaret Thatcher on future of newspaper sector.



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# Lotus decelerates but still finishes £0.6m up

THE YEAR to December 26, 1979, saw turnover of Group Lotus Car Companies rise from £9.36m to £14.94m and pre-tax profits advance by £567,000 to £1.28m. Most of the profit increase, however, fell in the first six months. That period showed a £492,000 gain at £283,000 and the second half put on £75,000 at £444,000.

Yearly earnings per 10p share improved from 5.5p to 10.9p but no dividend has been declared, compared with a net 0.7p last time. Tax for the 12 months took £845,000 (£374,000) and there was an extraordinary debit of £279,000 (nil), relating to U.S. operations.

Mr. Colin Chapman, chairman, says 35 per cent of the 65 per cent increase in turnover relates to engineering activities for other motor manufacturers, coming into operation during the year.

The engineering facility was enlarged to meet the external commitments and also undertake the company's own model introduction and updates which were introduced in mid-1980.

Mr. Chapman states that the current year is a period of general adverse world economic conditions but engineering activities will help alleviate a reduced volume of car sales.

● **comment**  
Group Lotus Car shares have not been the most rewarding buy of the past year. At yesterday's level of only 19p they still

## Tilbury pushed well into the red midway by contract losses

BIG LOSSES on two local authority contracts have pushed Tilbury Construction Group, the civil engineering, building and public works contractor, into a pre-tax deficit of £1.15m in the first half of 1980. The shares responded with a 30p fall to 187p yesterday.

The loss—which compares with a profit of £585,000—was struck after provisions of £1.9m against contracts within the building division of Tilbury Construction, one of the group's main subsidiaries.

In his interim statement Mr. Patrick Edge-Partridge, group chairman, said that since his annual report, when better first quarter figures were reported, certain contracts have been identified as loss making, two of them significantly.

The chairman said yesterday that the main loss making contracts were concerned with the building of flats complexes for the London boroughs of Ham-

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of dividend	Total last year
Brooks Group	int. nil	Dec. 12	1.28	1.28
S. Casket	1.25	1.25	1.76	1.76
James Dickie	2.44	2.44	4.88	4.88
Group Lotus Car	int. nil	0.7	0.7	0.7
Hall Engineering	int. 3.41	Nov. 7	3.1	7
Findlay Hardware	int. nil	0.5	—	—
London & Manchester Assurance	int. 3.5	Nov. 15	3.15	8.75
F. Miller (Textiles) int.	0.9	Nov. 18	0.85*	1.95*
Minty	3	Nov. 7	2.2	5.4
James Neill	int. 4.25	—	4.25	5.25
F. S. Ratcliffe	int. 0.57	Oct. 24	0.57	2.96
Southampton Steam int.	4	Nov. 34	4	13.5
Tilbury Contracting int.	6	Oct. 30	6	22.35
Thomas Walker	0.58	Nov. 14	0.78	0.93
Wankie Colliery	6t	Nov. 14	6	10
Williams & James int.	1.15	Nov. 20	1.15	3.72

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Zimbabwean cents throughout.

stood at less than half their level when the 1978 results were announced, and despite a 79 per cent increase in 1979 pre-tax profits, the dividend passed the 142 per cent first-half profits growth had slowed to 20 per cent in the second half, and the current year—already nine months old—looks far bleaker. Car sales are likely to be 40 per cent down on last year's 1,000. Engineering work for other car makers, though helpful, will not make up the shortfall. Extra-

ordinary items have eaten up over a tenth of the net worth on the company's last (1978) published balance sheet, with the closure of the U.S. subsidiary established only 18 months ago through a buy-out of distributors. Around £2m worth of claims are still outstanding against the American courts.

But, all in all, the market's pessimistic ratings and historic p/a of 1.7 on an actual 51 per cent tax charge, may be overdoing things a little.

providing for £2.03m in respect of Nigerian debts and a reduction in UK operations.

The directors say that the financial structure of the group is sound and have decided to maintain the interim dividend at 6p per share. They will consider the payment of a final dividend in April in the light of trading performance and prospects at the time. The total for 1979 was £2.3789p.

Turnover in the half year showed a rise from £26.97m to £28.59m. After a tax credit of £578,000 (£293,000 charge), the net loss comes through at £588,000 (£272,000 profit). Cost of the interim of £118,000 increases this deficit to £707,000 which is met by a transfer from reserves. The loss per share is stated at 28.57p (13.79p earnings).

The directors point out that the results exclude the Nigerian associate

## £19.6m midterm loss by Talbot

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TALBOT UK, the former Chrysler concern, incurred a £19.6m loss in the first half of 1980. The company has not made a forecast for the full year but there must now be little chance of it achieving the break-even target set by chairman Mr. George Turnbull at the beginning of 1980.

The loss compared with one of £17.43m at the same stage in 1979 but last year Talbot received UK Government grants of £10m. Interest payments this year were also up to £13.56m from £10.41m.

This year British Government aid has ceased and Talbot's parent group, Peugeot SA of France, will have to bear the full brunt. Earlier this year Peugeot pumped £30m of cash into its UK subsidiary to help cover the 1979 full-year loss—a record £14.1m.

Talbot last night said this year's loss was caused almost

entirely by the tough competitive conditions in the UK new car market. In the first half of 1980 BL was particularly aggressive, beginning its "Buy British" campaign by offering a £1,000 discount on new cars, which encouraged some other manufacturers to follow suit.

In the January-June period Talbot's car sales were 20 per cent down compared with a 12 per cent decline in the total market.

However, it pushed turnover up from £34.46m to nearly £39m in the half-year.

Although in the second half Talbot has its new medium-sized saloon, the Solara, available to help improve its sales, trading conditions in the UK are expected to continue to be very difficult until well into 1981.

On top of that, the company is having to contend with problems in its European operations. In Britain, worth about £150m in a normal year. Even before the

recession in industry is inevitable causing a weakening in demand for the company's specialty chemicals and other products for the steel and foundry sectors. With 80 per cent of sales outside the UK, the effects of the recession in other steel-related countries in this country although conversion of overseas profits into sterling hurts. Analysts are expecting pre-tax profits at the interim to be about 8 per cent to £10m. Effects of the acquisition of Talbot will not show up until the second half but they are not expected to be substantial. The interim dividend should be raised slightly, perhaps to 2.8p a share.

John Laing was expecting a

## UK COMPANY NEWS

### Hall Eng. earns and pays more

FIRST-HALF 1980 taxable profits of Hall Engineering (Holdings) expanded from £2.88m to £3.6m and the interim dividend is stepped up from 3.1p net to 3.41p.

Profits for the whole of 1979 were £6.3m (£5.25m) and dividends totalling 7p were paid. The directors say the downturn in the UK economy is having adverse effects on the profits of home-based activities but this is being compensated mainly by improvements overseas.

First-half sales went ahead from £47.97m to £56.49m and the profit was subject to tax of £1.87m (£1.5m). Of the net profit of £1.73m (£1.38m), preference dividends absorb £22,000 (same) and ordinary £48,270 (£37,500).

Earnings per 50p share are shown as 13.55p (11.23p) basic and 12.14p (9.89p) fully diluted.

During the first half £1.49m of 71 per cent convertible unsecured loan stock 1992/97 was converted into 1,093,414 ordinary shares.

### Negretti passes preference

Negretti and Zambra, the loss-making industrial and aviation instrument maker, is passing its half-yearly preference dividends because it does not have enough distributable reserves.

Mr. Ronald Negretti, the chairman, said yesterday that the company's reserves of around £1.2m were not available for distribution since they arose from the share premium account and property revaluations.

The directors, on the preference and convertible redeemable preference shares, due on September 30 and October 1, would have involved a payment of over £44,000. No ordinary dividend payment was made last year.

In its report for the financial year to March 31, 1980, the company said its consolidated reserves fell by £1.66m, largely because of losses on asset sales. These losses, and those expected in the first half of 1980-81, had cut distributable reserves to an extent that the company's articles did not permit payment of a preference dividend.

● **comment**  
Brooks' share price retreated a further 41p to 241p yesterday when some unexpectedly poor half-year results were revealed. The difficulties of the marine electrical equipment division were already well known and in the half-year that operations were running at a loss of about £50,000 a month. But even putting that aside there has been a sharp deterioration elsewhere to produce a £284,000 turnaround into the red. Nevertheless marine equipment and a hefty level of debt—around £3m or two-thirds of shareholders' funds—are the two major problems. If all goes to plan both these difficulties may soon be overcome. At present the marine business operates from four factories. Brooks intends to move all its

### African Lakes falls at halfway

A SHARP FALL in local demand in Malawi, higher interest rates, the introduction of a deposit scheme for imports and an increased bad debt provision have contributed to the African Lakes Corporation, tea and rubber planter, reporting substantially reduced pre-tax profits for the six months to January 31, 1980.

The figures show a drop from £567,290 to £191,800, after interest charges up from £46,346 to £170,190, and depreciation of £268,235 (£213,127).

The directors say the pattern continues since the beginning of January, along with disappointing commodity prices, it is unlikely that the profits for the second part of the year will exceed those of the first, says Mr. B. S. Cleminson, the chairman.

The directors are confident, however, that it will be able to recommend an unchanged dividend of 1.1p for the year on capital as increased by the bonus issue.

After tax, substantially lower than last year's £235,408, compared with £335,408, stated earnings per share are down from 2.27p to 2.80p following the subdivision of the capitalisation issue in 1980.

After minorities of £37,592 (£38,175) profit attributable has fallen from £238,712 to £110,008.

Further drop in the UK construction market this year and continuing weakness in the housing business, compensated by a modest volume increase in civil engineering. No one believes the compensation has been significant and interim pre-tax profit could be as low as £10m.

Analysts expect things to get worse in the second half and so are not looking for a dividend increase.

Also reporting next week are Cape African, Mitchell Cotts with preliminary results, and an interim from Hestock Johnson.

INTERIM FIGURES  
Arrow Chemicals Holdings  
Barrat Ltd & Wotnam  
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Wentworth Glass  
Whitman Rink Anglo  
Whitman Rink Anglo

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## Brocks £0.5m loss midway

A TURNROUND from pre-tax profits of £420,302 to losses of £533,462 is reported by the Brocks Group of Companies, security and electronic equipment manufacturer, for the first six months of 1980. The interim dividend is omitted.

The group turned into loss in the second half of 1979 with a deficit of £121,823, leaving the profit for the whole of last year down at £288,479 (£288,288). The final dividend was omitted, leaving the total payment at 1.2534p net.

The directors say market conditions continue to be extremely difficult and warn that further trading losses will be incurred in the second half.

Fundamental changes in the operation of the Poole companies are in progress, they add, in order to return them to profit as soon as possible.

Turnover fell in the first half from £3.72m to £3.43m and the loss was struck after interest charges of £235,124 (£20,754).

There is again no tax charge, but an extraordinary debit this time takes £226,577.

Comparative figures for the first half of 1979 include the results of Pelco (Electronics) and Grovemart only for the period from acquisition on April 25, 1979.

● **comment**  
The pre-tax figures include an interest credit of £180,576 (£116,730).

Mr. F. Miller, the chairman, says trading conditions have been very difficult in the first half, and considerable effort has been made to control overheads.

Profits before tax have been helped by the current high interest rates.

Mr. Miller expects trading conditions to remain difficult in the second half, but the company is well placed to take advantage of any improvement in demand and, subject to trading conditions not getting any worse, he is confident that the final results for the year will be satisfactory.

After tax virtually unchanged at £401,754 (£400,380), retained profits come out at £278,117 against £213,379. The interim dividend is effectively raised from 0.825p to 0.9p—last year's total was an adjusted 1.95p. Dividends absorb £129,900 (£118,000).

Almost the entire production capacity of F. Miller is taken up by work for Marks and Spencer.

He says he hopes to see a reversal of this trend later in the year as the destocking process tails off.

After tax down from £235,000 to £166,000, minorities £4,000 (£10,000) and an extraordinary credit of £12,000 (£126,000 debit), attributable profit has fallen from £286,000 to £262,000. Stated earnings per 25p share are 1.4p (8.2p).

● **comment**  
James Neill was yielding over 21 per cent historically so yesterday's interim dividend cut had been widely anticipated. But the shares hit a new low for the year with a 2p fall to 37p and trading conditions have deteriorated further from the very poor second half last year. Export volume climbed 8 per cent by comparison with July-December 1979, but home volume has declined by a similar proportion to leave overall unit sales down by 24 per cent. The contrast with volume levels in the first half of that year is even more marked with a drop of over 15 per cent in aggregate. The fate of the final dividend is most uncertain although Neill does disguise a useful level of profit (in historic terms at least) in the additional depreciation charge which may provide as a useful cushion if the prospects for 1981 are seen to be brightening. It would not take very much improvement on either the interest or exchange front to restore Neill's competitive position materially but, of course, these obstacles obstinately refuse to budge.

● **comment**  
The decrease in consumption due to the industrial activity, coupled with the termination of distributors and consumers alike to reduce their stocks, has been accentuated by the seasonal downturn during the holiday period.

● **comment**  
A PRE-TAX loss of £166,000, compared with a profit of £108,000 is reported by the Findlay Hardware Group for the first half of 1980, and the interim dividend is omitted.

The board says it cannot hold out much hope that the company will have the profitability to pay any final dividend. The pre-tax figure was struck after interest of £130,000 (£105,000). There was a tax charge of £16,000, down from £23,000.

The board says reorganization

of this investment holding company has continued and a vigorous policy of working capital reduction has been followed. Stocks and debtors have been reduced by almost £1m.

This has inevitably been costly in terms of trading margins, and the position has been further impaired by a fall in turnover, occasioned by the recession, during the second quarter. Turnover for the six months was, however, up from £7.97m to £8.53m.

Mr. E. E. Toye, the chairman, says the company's activities include the manufacture and sale of civil and military range trophies, awards, medals, jewellery, clocks and watches—

is suffering from high interest rates, the strength of sterling and the greatly reduced spending power of the general public. He has no doubt, however, that the company will weather the storm.

The year-end results are bound to be influenced by the

extent of the Christmas trade on the jewellery business, although the traditional areas of activity continue to flourish.

Commenting on the first half figures, he says that despite not satisfactory results produced by sectors operating in the company's traditional spheres, an overall loss has been suffered.

He says it is proving more difficult to obtain sales in present conditions and in certain cases margins are having to be trimmed. Steps have been taken to cease manufacturing and wholesaling of clocks, and to improve the poor situation of the other loss-making areas by further reducing overheads.

● **comment**  
A PRE-TAX loss of £23,582, compared with profits of £250,480 is reported by Toye and Company for the half-year to June 30, 1980. Turnover rose from £2.78m to £4.64m.

Mr. E. E. Toye, the chairman, says the company's activities include the manufacture and sale of civil and military range trophies, awards, medals, jewellery, clocks and watches—

## Interest boost for F. Miller

AN INCREASE of £76,812 to £249,071 in pre-tax profits is reported by F. Miller (Textiles), clothing manufacturer, for the six months to August 13, 1980. Turnover was slightly down, however, at £3.55m compared with £3.58m.

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The decrease in consumption due to the industrial activity, coupled with the termination of distributors and consumers alike to reduce their stocks, has been accentuated by the seasonal downturn during the holiday period.

● **comment**  
A PRE-TAX loss of £166,000, compared with a profit of £108,000 is reported by the Findlay Hardware Group for the first half of 1980, and the interim dividend is omitted.

The board says it cannot hold out much hope that the company will have the profitability to pay any final dividend. The pre-tax figure was struck after interest of £130,000 (£105,000). There was a tax charge of £16,000, down from £23,000.

The board says reorganization

of this investment holding company has continued and a vigorous policy of working capital reduction has been followed. Stocks and debtors have been reduced by almost £1m.

This has inevitably been costly in terms of trading margins, and the position has been further impaired by a fall in turnover, occasioned by the recession, during the second quarter. Turnover for the six months was, however, up from £7.97m to £8.53m.

Mr. E. E. Toye, the chairman, says the company's activities include the manufacture and sale of civil and military range trophies, awards, medals, jewellery, clocks and watches—

is suffering from high interest rates, the strength of sterling and the greatly reduced spending power of the general public. He has no doubt, however, that the company will weather the storm.

The year-end results are bound to be influenced by the

extent of the Christmas trade on the jewellery business, although the traditional areas of activity continue to flourish.

Commenting on the first half figures, he says that despite not satisfactory results produced by sectors operating in the company's traditional spheres, an overall loss has been suffered.

He says it is proving more difficult to obtain sales in present conditions and in certain cases margins are having to be trimmed. Steps have been taken to cease manufacturing and wholesaling of clocks, and to improve the poor situation of the other loss-making areas by further reducing overheads.

● **comment**  
A PRE-TAX loss of £23,582, compared with profits of £250,480 is reported by Toye and Company for the half-year to June 30, 1980. Turnover rose from £2.78m to £4.64m.

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## BIDS AND DEALS

### New £221m gold mine and OFS merger plans

BY KENNETH MARSTON, MINING EDITOR

FURTHER details are announced regarding the big new £400m (£221m) low-grade gold mining operation in the Erdree-Dankbarheld area of South Africa's Orange Free State in which the mineral rights-holders are Anglo American Corporation and the Lombro group's Dubu.

It is to be worked as part of an enlarged Western Holdings mining complex and will benefit from the latter's tax advantages. A new company, Eastern Gold

Holdings, is to be formed to finance the latter's cost of turning the area to account. Eastern will provide loans to Western Holdings and, this, coupled with the fact that part of the total capital expenditure of £221m will come from the new mine's profits, means that Eastern Holdings' peak requirements of new money will be around £100m.

The funds will come from shareholders in Eastern Holdings who are Anglo American 44.5 per cent, Anglo American Gold Corporation 9.5 per cent, Duiker 36 per cent and Western Holdings 10 per cent.

Nearer to the commissioning date of the new mine a Stock Exchange listing may be sought for Eastern Holdings. Meanwhile Duiker has announced that it is to make a rights issue

to raise funds for its stake in Eastern Holdings. After repaying the finance provided by Eastern Holdings, the latter will have an 85 per cent share in the gross working revenue and expenditure of the mine leaving Western Holdings with the remaining 15 per cent.

The deal is part of a larger management buy-out by Western Holdings will take over Welkom Gold Mining and Free State Sasipal.

Welkom will get 3.185m shares in Western Holdings and Free State Sasipal will have 3.653m shares; these amounts are equal to one share in Western Holdings of about 3.3 shares and 7.7 shares, respectively, in the other two companies.

As already reported, the new mining prospect contains some 62m tonnes of ore with a modest recovery grade of 4.5 grammes per tonne gold plus uranium. Production will be 200,000 tonnes of ore per annum and costs are estimated at £33 per tonne in line with those in the OFS generally.



## SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Pentos, the industrial holding company, made an agreed £1.8m bid for English and Overseas Investments on the basis of eleven of its own shares for thirty of English and Overseas. The latter's main attraction to Pentos is its Athena art reproduction subsidiary.

Hawley Leisure, and certain Hawley executives, excluding the chairman, purchased 42.86 per cent of the ordinary shares of Kean and Scott, the loss-making furniture retailer and manufacturer, at 20p per share from the Kean and Scott chairman, Mr. M. Levin. In accordance with the Takeover Code, Hawley will extend an equivalent offer to the other shareholders which Mr. Levin is not to accept in respect of his remaining holding of around 8.3 per cent. Kean and Scott's share price doubled on the bid announcement, to 65p and is currently trading at around 70p.

Dealings in the shares of Gough Cooper were suspended on Monday at 12.15 pending details of an approach to the company which may lead to a higher offer than the unwelcome 120p per share cash bid from Starwest Investment.

Games and packaging and printing group John Waddington is selling Valentines of Dundee, the quality greeting cards concern, to Hallmark Cards of the U.S. for £3.7m cash.

Company bid for	Value of bid per share**	Market price**	Price bid	Value before bid	Final Acc'd date
B & Q (Retail)	85*	84	86	1.66	F. W. W. W. 29/9
Christy Bros. 14	30*	40	33	0.60	Simon and Coates
Coral Leisure	99	89	85	1.11	Grand Met.
Eng. & O'Seas Inv.	161	151	141	1.70	Pentos
Gough Cooper	120*	125	102	6.65	Starwest
Kean and Scott	100*	46	56	0.87	Courtaulds
Lawrence Scott	30*	75	31	0.36	Hwy. Leisure
Le Bas (Edward)	85*	82	53	2.13	Burch Hlgs.
Lidstone	280*	305	290	0.51	Security Exchange
Macanie (Lond.)	30*	30	23	0.35	Courtaulds
Marshall	31*	31	27	4.60	Times Publish.
Progressive Secs.	112*	109	91	2.51	Berhard Leisure

## Williams &amp; James fails to meet budget

THE effects of the recession in the principal markets of Williams & James (Engineers) have proved greater than expected six months ago and this manufacturer of specialised air compression and hydraulic equipment has finished the first half of 1980 with sharply reduced pre-tax profits of £27,587, compared with £478,270.

The group fell into loss in the second half of 1979 with a pre-tax deficit of £26,160 but the directors said in March that with orders at near-record value, they expected to be able to improve on last year's total profit of £452,110.

They now say that the forward order situation is difficult to assess. Intensified competition is faced in the construction sector from imports favoured by strong sterling, although prospects in gas and air compression show some improvement.

And they warn that the payment of an interim dividend—held this time at 1.15p—should not be taken to indicate that the final will be maintained at last year's level of 2.56p.

First-half sales slipped from £3.95 to £3.72 and there was no tax charge against £28,000 last time. Stated earnings per 25p share are 0.48p (24.07p).

The directors say a significant reduction in the level of operating expenditure has now been

achieved to adjust capacity to reduced demand.

## Sheffield Twist falls to £0.69m

FOR THE half year ended June 30, 1980, profits of Sheffield Twist Drill and Steel have fallen sharply from £1.42m to £882,000. Turnover of the group, a subsidiary of Aktieholaget SKF, rose by £1.7m to £15.43m.

The directors report that the inflow of orders has been substantially below the capacity of the factories, and profit has been reduced by high interest rates and the effect of the sterling exchange rate on exports.

This has made a reduction in the workforce necessary.

In 1979 the group made a profit of £2m.

## James Dickie holds profit and interim

The large size of James Dickie (Drop Forgings) is in a temporary loss situation because customers' schedules are still

Company bid for	Value of bid per share**	Market price**	Price bid	Value before bid	Final Acc'd date
Revertex	52*	44	44	7.40	Yule-Catto
Tanlong Tin	115*	120	115	1.20	Pahang Cons.

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. \*\* Based on 28/9/80. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶ Unconditional. ¶¶ Based on NAV of 104.8p.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
A. B. Electric	June	918	1.375	17.8
Amber Day	May	710	1.803	3.5
Armstrong Equip.	June	8,839	8.753	14.4
Bailey (Ben)	June	453	(895)	4.5
Barratt Develop.	June	24,760	18,200	55.9
Blue Bird Conlec.	June	334	(55)	4.5
Celtic Haven	March	322L	(71)	(0.8)
Dowling & Mills	June	1,830	(2,040)	3.6
Emess Lighting	June	345L	(—)	30.5
Estates Prop.	April	2,090	(1,390)	7.0
Ferry Pickering	June	1,430	(1,310)	9.7
Galliford Brindley	June	3,160	(2,870)	15.7
HTV Group	July	3,580	(4,090)	18.6
Hunt & Moscrop	June	258	(831)	0.9
Makin (J. & J.)	March	1,130	(1,110)	30.4
Marler Estates	March	266	(25)	5.3
Mills & Allen	June	10,100	(7,200)	49.6
Park Place Invs.	June	681	(675)	7.8
Ricardo	June	1,200	(1,100)	43.6
Single Holdings	March	685	(95)	2.5
Teletelcom	April	80	(1,730)	2.1
Walker (James)	April	4,020	(3,440)	17.9

## Scrip Issues

Barratt Developments: One for four.  
Mills & Allen: One for ten.  
Park Place Investments: One-for-six.

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)	Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)				
Aberdeen Const.	June	1,120	(846)	2.3	(2.1)	Office Electronic	June	1,370	(1,480)	2.5	(2.5)
Amal Metal	June	7,270	(3,870)	3.0	(3.0)	Parrish (J. T.)	Aug.	1	(49)	—	(—)
Anglo-African Fin	Jan.	77	(105)	—	(—)	Ransomes Sims	June	1,660	(1,210)	3.14	(3.14)
APV Holdings	June	7,410	(7,712)	2.8	(2.8)	Rolls-Royce Mfrs.	June	1,250	(4,580)	—	(—)
Ashbury Madeley	June	706	(525)	1.0	(1.0)	Ronan & Boden	June	371	(320)	1.0	(0.9)
Aurora Holdings	June	2,060	(2,610)	1.55	(1.55)	Sale-Tilney	May	710	(755)	3.5	(3.15)
Bank of Scotland	Aug.	20,583	(20,388)	8.0	(7.25)	Samuel (H.)	Aug.	2,820	(3,220)	3.75	(3.75)
Barlow Holdings	June	1,910	(1,560)	1.0	(1.0)	Sandhurst Mktl.	July	246	(220)	0.84	(0.8)
B.A.T. Ind.	June	202,000	(210,000)	6.5	(6.0)	Silvermines	June	756	(784)	1.0	(1.0)
Beaumont Clark	June	265	(780)	2.0	(3.0)	Spear & Jackson	June	894	(983)	3.58	(3.58)
Berkley Hambro	June	2,100	(1,960)	3.0	(2.5)	Stag Furniture	June	844	(1,680)	1.75	(1.75)
Bridgegate Ests.	June	468	(355)	4.5	(4.5)	Stewart Wraghels	June	1,490	(2,550)	3.85	(3.85)
Brixton Estate	June	1,625	(1,699)	1.46	(1.23)	Streeters	June	137	(394)	—	(—)
Brooks Watson	June	2,241	(1,020)	0.35	(0.75)	Sunlight Service	June	534	(559)	0.56	(0.5)
Brown & Jackson	June	1,390	(2,380)	4.0	(4.0)	Tarnas (Henry)	June	142	(575)	—	(7.5)
Cakebread Robey	June	312	(235)	0.6	(0.6)	Tatal	July	2,030	(6,420)	5.5	(5.0)
Clyde Petroleum	June	986	(757)	—	(—)	Unfed News	June	2,400	(4,280)	4.5	(4.1)
Coppyer	June	131	(119)	—	(1.0)	Vickers	June	12,630	(6,390)	1.55	(3.85)
Crosby House	June	329	(110)	—	(—)	Wace Group	June	91	(175)	0.72	(0.98)
Dakson Knit	June	469	(344)	—	(—)	Wilksn. Warbur.	June	174	(366)	1.94	(1.94)
Devenport Robinson	June	10,500	(12,500)	3.0	(3.0)	Wills (George)	June	553	(603)	1.5	(1.2)
Dunlop	June	15,000	(18,000)	2.65	(2.65)	Wimpey (Geo.)	June	9,400	(8,400)	0.85	(0.75)
Elbar Industrial	June	394L	(901)	1.0	(4.0)						
Estates & Gen.	June	478	(469)	0.55	(0.55)						
Executive Clothes	June	96	(80)	0.73	(0.87)						
Fisons	June	5,300	(7,500)	6.9	(7.50)						
Garnier Scotland	July	345L	(703)	2.4	(2.4)						
Glossop (W&J)	July	230	(187)	1.58	(1.58)						
Grattan Warehous.	Aug.	2,040	(2,460)	1.57	(1.87)						
Haden Carrier	June	1,680	(1,150)	3.6	(3.25)						
Hanger Invs.	June	107	(1,719)	—	(1.25)						
Harris & Sheldon	June	1,230	(1,500)	1.25	(1.25)						
Hoskins & Horton	June	247L	(1,388)	—	(3.0)						
Howard (Alex.)	June	11,130	(1,080)	3.5	(1.80)						
Hubert (Charles)	June	204	(61)	1.33	(2.68)						
Lane (Perry)	June	405	(86)	1.0	(0.75)						
MacKay (Hugh)	June	336L	(374)	—	(1.4)						
Manders Hlgs.	June	1,450A	(1,300A)	1.3	(1.2)						
Manor National	June	21L	(723)	—	(1.0)						
Menzies (John)	Aug.	611	(1,170)	2.5	(2.0)						
Morrison (Wm.)	Aug.	2,020	(1,920)	0.7	(0.7)						
Neworthill	April	5,470	(5,160)	—	(—)						
Newey Group	June	65L	(43L)	—	(—)						

† Before severance cost of £42,000 in connection with former director. ‡ In I.R.E. § For 15 months. ¶ No comparable figures. \*\* Second interim dividend. †† Total profit to be declared in January. ‡‡ Interim dividend. L Loss.

Rights Issues

Brixton Estates: Rights issue on the basis of one for four at 115p to raise £16m.  
Mills & Allen International: Rights issue on the basis of one for five at 260p to raise £5.1m.  
A. & J. Mucklow: Rights issue on the basis of one for one at par to raise £8.35m.  
Piet Petroleum: Rights issue on the basis of one for three at 260p to raise £3.76m.  
Ricard Consulting Engineers: Rights issue on the basis of one for four at 370p to raise £2.55.

(Figures in parentheses are for corresponding period.)  
\* Dividends shown net except where otherwise stated.  
† Before severance cost of £42,000 in connection with former director. ‡ To I.R.E. § For 15 months. ¶ No comparable figures.  
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## S. Casket down £1m for year

ON TURNOVER down from £16.86m to £15.94m, taxable profits of S. Casket (Holdings), clothing distributor and retailer, plunged to £236,074 in the year ended June 30, 1980, against £1.39m.

At midway, there was a surplus of £201,000 (£615,000) and the directors said that because margins and profits were hard-hit they did not expect any improvement in the second half. They forecast the situation to be short-term though, and were confident that the group would resume a steady upward trend in profits.

The pre-tax profit is struck after a sharp jump in interest charges from £34,729 to £337,290, but before a tax credit of £114,336 (£691,755 charge).

Stated earnings per 10p share are down at 4.09p (6.75p) but the net dividend is held at 1.75p with a final of 1.25p.

## Southampton Steam over £0.5m midway

The Southampton, Isle of Wight and South of England Royal Mail Steam Packet Company made progress during the half-year to June 30, 1980, and its pre-tax profits have climbed from £243,137 to £531,571. Turnover rose from £2.61m to £3.21m.

In his annual report, the chairman said the board did not expect to continue the steeply upward trend in profits of recent years, but 1980 results should come well within the bracket of those for 1978 and 1979 when the pre-tax profits were £340,000 and £1.35m respectively.

The first half figure includes the sale of fixed assets amounting to £111,533 (nil) and interest and dividends of £143,098 (£77,912). There was a tax charge of £276,417 compared with £175,431.

The interim dividend is unchanged at 4p—last year's total was 13.5p.

## DOLLAR LOAN

Scottish American Investment Company has negotiated a further loan of U.S.\$10m Morgan Guaranty Trust Company maturing on August 27, 1984.

alteration of the company's business.

Intervision Video, which rents and sells video cassette films, has been purchased for £1.35m in cash and shares. Intervision warranted that trading profit would be £400,000 in the year to end on February 28, 1981.

Since then, Intervision has arranged to purchase the rights to distribute 20 major films from United Artists Corporation for a minimum royalty of \$25m. In another deal, it has bought rights to major Thorn-EMI titles.

The company expects that the consequent broadening of its film library, until now concentrated in westerns, horror and action films and soft pornography, will attract a wider, general customer base.

Mr. John Bentley, chief executive of Intervision, declines to make a specific profit forecast but said yesterday the company believes it can pay the United Artists contract in full within nine months.

Meanwhile, Mr. John Baker is planning to sell his 12 per cent interest in Intervision and to buy back the insulation business which had a trading loss of £85,000 last year.

The Intervision rights issue has been underwritten by Rowe Rudd who have also arranged the placing.

## HILLARDS SALES HOLDING UP

Turnover of Hillards was still being maintained at the higher level reported earlier this month, Mr. Gordon Hunter, chairman, told the annual meeting.

The new store at Idle, Bradford, will open in the spring, and have a selling area of 25,000 sq. ft. Building work was about to start on a store of a similar size at Worksop, Nottinghamshire, due to open next autumn.

Spain	Price	%	+ or -
September 26			
Banco Bilbao	245	+5	
Banco Central	220	+2	
Banco Exterior	215	+2	
Banco Hispano	232	+5	
Banco Ind. Cat.	120		
Banco Madrid	141		
Banco Santander	275	+4	
Banco Uruguay	139	+3	
Banco Vizcaya	253	+5	
Banco Zarzosa	265		
Dragados	111	+1	
Espanola Zinc	72		
Fecsa	54	+0.5	
Gal. Preciados	31.5		
Hidrois	68.7		
Industria	65.7	+0.2	
Petrolinas	113	+1	
Petrolbar	80		
Telefonos	102		
Sogeha	63.5		
Union Elect.	68.5		

## THE LAW LAND COMPANY LIMITED

## INTERIM REPORT

Unaudited results for the half-year to 30th June, 1980

	Half-year to 30.6.80	Half-year to 30.6.79	Year to 31.12.79
Gross rents	2,743,143	2,493,156	5,074,334
Net income from properties	1,357,069	1,146,889	2,352,969
Trading profits	301,788	230,963	436,158
Profit before taxation	87,774	77,134	115,071
Profit after taxation and minority interests	94,822	5,035	235,614
Transfer from capital reserve relating to developments	—	10,000	33,000
Extraordinary items distributable	—	—	25,094
Preference dividends	6,125	6,125	12,250
Amount attributable to ordinary shares	88,697	8,910	261,458
Ordinary dividends			
Interim payable 12th November, 1980	0.55p	0.50p	0.50p
Final	—	—	0.75p
Total cost on 35,618,731 shares (1979—interim 35,329,741—Final 35,587,441)	£ 195,903	£ 176,649	£ 445,563
Undistributed revenue reserves	653,942	679,421	783,145
Basic earnings per ordinary share	0.25p	0.03p	0.73p

The directors expect to recommend a final dividend of at least the same as for 1979.

Registered Office:

Brettenham House, Lancaster Place, London WC2E 7EP

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bond funds and life assurance benefits.

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Name \_\_\_\_\_  
Address \_\_\_\_\_

**Henderson**  
Unit Trust Management

# Murray Caledonian Investment Trust Limited

Annual Results for the year ended 30 June, 1980

	1980	1979
Equity shareholders' interest	£41,127,018	£36,753,370
Asset value per share	74.2p	66.4p
Revenue available for ordinary shareholders	£978,128	£791,064
Earnings per ordinary share	1.81p	1.48p
Ordinary dividend per share	1.80p	1.40p
Capitalisation issue in B ordinary shares	3.10136%	1.44047%

Geographical distribution of investments at 30 June, 1980

	1980	1979		1980	1979
UK	39.1%	37.6%	Europe	3.1%	5.1%
North America	31.0%	30.9%	South Africa	0.9%	0.1%
Japan and Asia	13.1%	13.6%	Brazil	0.8%	1.6%
				88.0%	88.9%
			Bonds	12.0%	11.1%
				100.0%	100.0%



## Chairman's statement

## Hartebeestfontein Gold Mining Company Limited

Incorporated in the Republic of South Africa

**Strong rise in earnings; higher gold prices increase payability in north-west where new shaft may be sunk**

—Mr Basil E. Hersov

The average price received during the year for gold sold increased by \$273 to \$503 per ounce and resulted in net earnings rising strongly from R48 million in 1979 to R123 million in 1980. Capital expenditure was lower than planned at R19 million and was partially offset by building society loans of R8.25 million. While profit from sales of uranium oxide, pyrite and sulphuric acid was lower than in 1979, this was compensated for by higher non-mining income. The discontinuation of State Loan Levy also contributed to increased earnings. Dividends totalling 1 025 cents per share were declared compared to 400 cents in 1979.

Tonnage treated at 2,876 million tons was slightly lower than in 1979 but the gold recovery grade increased to 11.2 grams per ton (1979—10.9 g/t) due to the high rate of sorting which will be maintained in the current year. Costs per ton milled for the year averaged R44.06 compared with R36.44 in 1979, a 21% increase. Apart from increases in wages and the cost of power and materials, costs were inflated by a high rate of development, plant refurbishing and the reticulation of compressed air underground. Costs in the current year are again expected to increase but could be partially offset by a reduction in the rate of development.

As a result of the higher gold price, payability in the north-western area has improved and this area will supply a greater quantity of ore in the future than had previously been expected. Studies are in hand to determine the most satisfactory method of handling this ore and one of the alternatives being considered is an additional shaft from surface which, while supplying the necessary hoisting facilities, would also provide for improved movement of men and material. Such a shaft, together with ancillary requirements, could cost about R50 million spread over four years. Investigations are also being made into the feasibility of introducing radiometric sorting of current waste and dump material with a view to increased recovery of gold.

Upgrading of the existing gold and uranium plants was largely completed at the year end and throughput in July 1980 increased to 255 000 tons. The 45 000 tons per month uranium plant extension to treat surface slime accumulations will be completed in the fourth calendar quarter. The existence of the surface ore stockpile referred to in last year's statement should enable a more even flow of tonnage to the plant throughout the year.

Details of the ore reserve are given in the technical advisers' report. In respect of blocks already developed, payability is very close to 100% at the current gold price so that any increase in the price will have only a marginal effect on the quantity and grade of these reserves.

Labour relations were satisfactory throughout the year and there was no difficulty in filling required complements of semi-skilled workers. However, in common with the industry generally, a critical shortage of skilled men exists, particularly in the engineering field. Continuous recruiting programmes are mounted but results locally have not been encouraging and resort is now being had to the overseas market. The Company's Code of Employment Practice governs objectives concerning improved conditions of employment for all employees. During the year basic rates of pay for black employees were substantially increased, holiday leave pay was introduced and sick leave was improved. Attention continues to be paid to improving living conditions in existing black hostels and a new hostel will have to be erected to serve the No. 6 Shaft area. Additional married quarters to cater for 400 permanent black employees are also planned.

Capital expenditure amounting to some R30 million has been planned for the year but, with the shortage of skilled workers and the longer lead times being experienced in the construction industry, it is unlikely that this target will be reached. Included in this total is expenditure on metallurgical plants, employee housing, refrigeration, ventilation and development. The last three items will involve expenditure at a high rate for many years to come.

In the current year it is planned to mill 2.9 million tons of ore at a recovery grade of about 11 g/t. Profits will, however, depend on the gold price and the rate of cost escalation which seems certain to exceed the level recorded in 1980. Uranium profits from contract sales will be lower during the current year and prospects for spot sales are not exciting. Because of these factors, as well as the continuing high rate of capital expenditure, earnings retained at the end of the 1979/1980 financial year were increased and the Company's cash position strengthened.

Basil E. Hersov Chairman

2 September 1980

The annual general meeting of the company will be held at Anglovaal House, 56 Main Street, Johannesburg on Wednesday, 22 October 1980, at 11h00.

(47) 50104

## UK NEWS

## Profits shine for gold dealers

THE BENEFITS of this year's surge in the gold price have been fairly thinly scattered.

Three groups, in particular have profited: South Africa and the Soviet Union, the two main producers; investors who have been fortunate or frightened enough to lay their hands on the stuff at the right time; and the central banks around the world which are estimated to own around 30 per cent of the total amount of gold ever dug out of the ground.

During the past few weeks, however, it has become clear that there is a fourth category that has also done rather well out of the bullion bonanza.

The big trading houses on the London gold market have been turning in sharply increased profits as a result of the spurt in activity on both gold and silver markets during the first half of the year.

If turnover continues around the high level registered during the past few weeks, the chances are that second half profits will be very healthy as well.

Five bullion houses are members of the London gold market, taking part in the twice-daily bullion "fixings" which through the year have become the standard yardstick of the

price of the yellow metal.

Johnson Matthey Bankers is the banking and bullion subsidiary of precious metals refiner Johnson Matthey, which has announced sharply higher profits for both the first and second quarters of this year, mainly because of the price advances.

Sharps Pixley, owned by merchant bankers Kleinwort

gold dealers' magic circle, N. M.

Rothschild and Samuel Montagu—owned by Midland Bank—have not yet indicated how first half profits fared. But the bullion market has no doubt that these two have also benefited handsomely as well.

Mr. Michael McWilliam, Mocatta's chairman and deputy group managing director of Standard Chartered, says bul-

precedented "profits in the first half."

Particularly on the New York silver markets, rocked by the Bunker Hunt affair earlier this year, activity was "quite fantastic." When the silver price collapsed in the early spring, "a lot of people retired hurt and margins increased dramatically."

According to Mr. McWilliam, when turnover increases, profits go up practically in tandem—but so do the losses.

Bullion dealing is much more risky than foreign exchange. To guard against the danger of price fluctuations sparking off losses, Mocatta balances its bullion-dealing books at the end of each trading day, and also places strict limits on risk exposure throughout the day.

One factor behind increased demand for gold, the Mocatta chairman says, is that central banks around the world have stepped up their interest in the metal as part of a general trend towards more active management of reserves.

Compared with the size of profits from international bullion dealing, Standard Chartered has hardly been coining it from its efforts—started at the beginning of the year—to sell small gold bars to UK investors.

London's gold traders have emerged as beneficiaries of the sharp rise in the price of the precious metal this year. DAVID MARSH looks at their results and prospects.

Benson, made "exceptional" profits during the first half, according to Kleinwort's interim statement this week.

Standard and Chartered Bank's precious metals subsidiary Mocatta and Goldsmid also chalked up big profits in the first few months this year, accounting for an important chunk of the 41 per cent first half profits increase announced by its parent company earlier this month.

The other two members of the

lion dealers have increased profits as a result of the increase in turnover during the first few months of the year, and because of the wider dealing spreads registered during times of market turbulence.

Like all the other participants in the secretive precious metals business, Mocatta is not too keen on giving precise figures. But Mr. McWilliam says all Mocatta's three profit centres—in London, New York, and Hong Kong—made "an-

## APPOINTMENTS

## Vickers group Board posts overseas

Mr. C. W. Foreman, has been appointed a director of VICKERS HOLDINGS PTY. and VICKERS AUSTRALIA. Mr. Foreman is chief executive of the newly-formed Vickers Limited International Group.

Mr. R. C. J. East, deputy managing director, has been appointed managing director of the ETAM GROUP.

Mr. Andrew S. Brode has been appointed chairman of the MAIL USERS' ASSOCIATION in place of Mr. Robin Fairlie. Mr. Brode is managing director of Croner Publications.

Mr. R. Milner has become managing director, and Mr. F. A. Galvin, sales director, of MOORES INTERNATIONAL FURNISHINGS, Darlington.

Mr. Peter J. Paxton has been appointed chairman of FC FINANCE, the hire purchase subsidiary of the Co-operative Bank. He succeeds Sir Arthur Sugden, who recently retired as chairman of the Co-operative Bank. Mr. Paxton is chairman

of the CWS—the ultimate holding company of FC Finance—and of the Co-operative Bank. He has been chief executive of the Cambridge and District Co-operative Society since 1972.

Mr. Gerald A. Bricker has been named vice-president of CITY NATIONAL BANK, of Detroit, Michigan. He will be responsible for corporate paying agents and trust operations for the bank.

Mr. Robin Bryant, Mr. Andrew Davison and Mr. Simon Metcalf have been appointed directors of COUNTY BANK from October 1. On the same date Mr. Peter Blinder, Mr. John Cummings, Mr. Roger Looker and Mr. John Richardson become assistant directors.

Mr. R. Milner has become managing director, and Mr. F. A. Galvin, sales director, of MOORES INTERNATIONAL FURNISHINGS, Darlington.

Mr. Denis Hodgetts has been appointed chairman of HILL AND SMITH following the death in an air crash of Mr. T. Hamp-

son Silk. Mr. Hodgetts continues as group managing director.

Mr. Geoffrey Eccles has been appointed pipelines engineer for BRITISH GAS.

Mr. James M. Smith, formerly a managing director of Morgan Stanley, has been appointed president of DUSCO, INC., and director of U.S. LEND LEASE INC.

Mr. David Flatman, personnel and administration director of the HAMLYN PUBLISHING GROUP, has been elected to the main Board.

Mr. J. G. Symons has been appointed a director of the MOUNT LEVEL MINING AND RAILWAY COMPANY.

Mr. Derek E. Walkden has been appointed a director of ACCRAPAK SYSTEMS of Risle. He was previously with Francis Shaw and Co.

Mr. David W. Arundale (UK) and Mr. John P. Osorio (UK)

and Mr. Roger D'Orlandes (France) have been appointed to the board of RIPOLIN, which is 75 per cent owned by Cdf Chemie de France.

Mr. Brian Shenton has been appointed finance director of BACOFIL, a subsidiary of the British Aluminium Company. He was previously commercial director of Bacofoil.

Mr. E. Duclert, director general of Vandendriessche, and vice-president of the French Cotton Union, has been elected president of EUROCCOTON, the committee of the cotton and allied textile industries of the EEC, for the next two years.

Mr. Neil T. R. Salvesen has been elected chairman of the TEXTILE CONVERTERS' ASSOCIATION, succeeding Mr. Peter W. Goodrick.

Vicente Caldecote, chairman of the Delta Metal Company, has been appointed a vice-president of the ENGINEERING EMPLOYERS' FEDERATION.

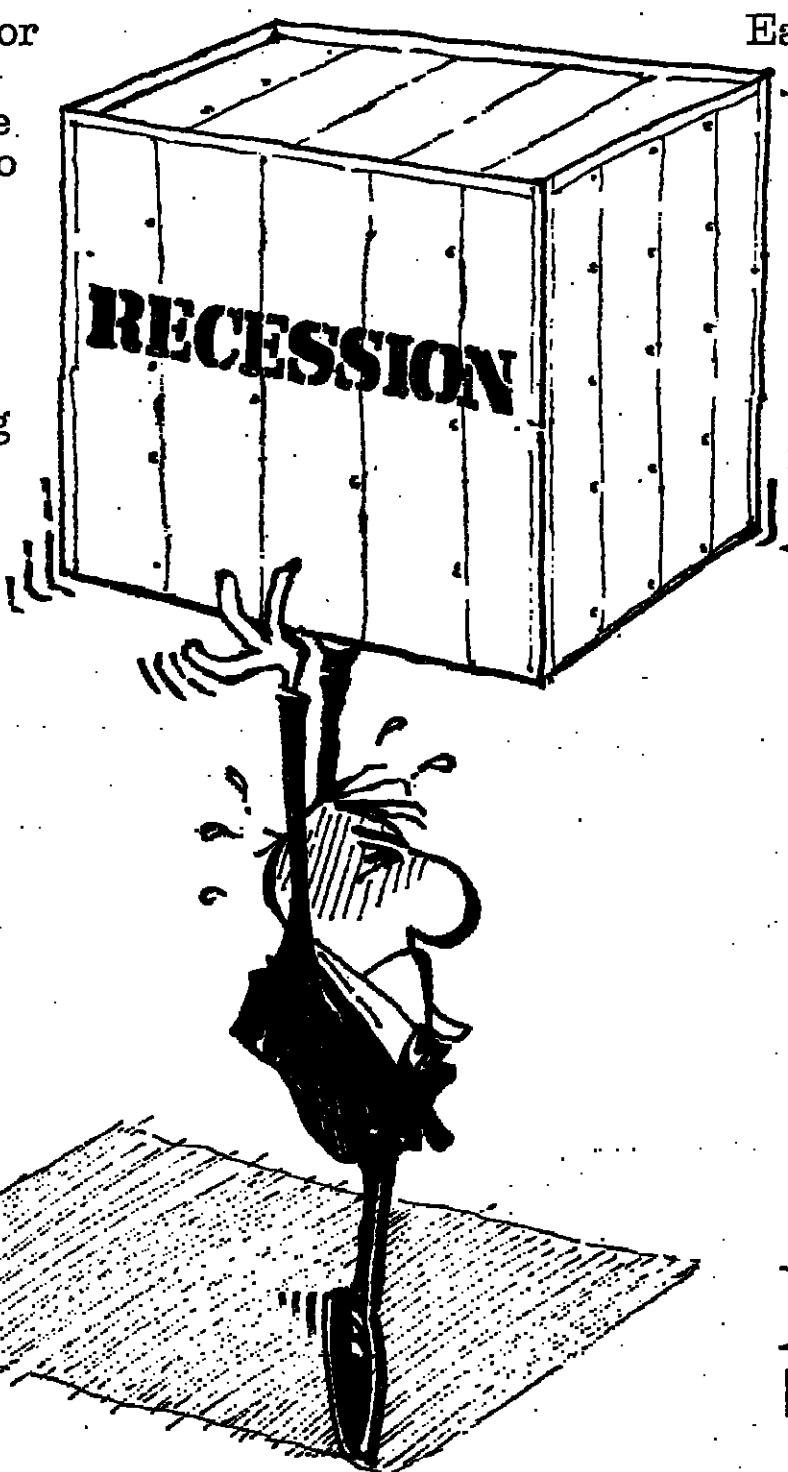
# How much longer can British industry stand the strain?

The next few years are a vital period for British industry.

Can it survive the recession to emerge stronger, fitter, healthier, and better able to compete in the world's markets?

Or will the burden it's now bearing cause parts of it to crumble?

From next Monday—and for the next three weeks—the Financial Times is carrying a major series of articles examining the state of British industry.



Each day we'll be looking at one company—large or small—in a key industry and asking: how is it coping with the recession? Is it making the right kind of economies? Can it strengthen its industrial base, to emerge from the recession in better shape? Or is it already sufficiently fit to survive?

Don't miss this important series in the Financial Times.

Its implications are important for us all.

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## BOOKS

## 'Guts is all'

BY MALCOLM RUTHERFORD

**The Castle Diaries 1974-76**  
by Barbara Castle. Weidenfeld and Nicolson. £14.95. 382 pages

The publication of political diaries by former Ministers is becoming a habit. Sir Harold Wilson has given us his personal record of the government which he led, though he was more complete on the period 1964-70 than on his return to office in 1974-76. He was outdone by the late Richard Crossman who provided a degree of detail that was regarded as scandalous at the time. It is hard to appreciate now that before Crossman people used rarely to speak of Cabinet Committees in public. The latest example is Mrs Barbara Castle who has plainly modelled herself on the Crossman tradition. Her first volume covers the years 1974-76 when she was Secretary of State at the Department of Health and Social Security until she was dismissed by Mr. James Callaghan on his becoming Prime Minister.

Mrs. Castle's book is full of ironies, not the least of which is her well-meant remark when Crossman was inculpably ill that she should have the laugh of him: "For I would be writing the second diary: the diary of the third Labour Government which would make the fears and frustrations of his diary would reveal seem old-fashioned." That is on page 61. It is not quite clear on which of the remaining 700 or so pages disillusion finally sets in—perhaps never—but it is plain enough to the reader that Mrs. Castle is telling the same old story of a Government beset by economic crises, frequently overtaken by events, internally divided and unable to stand back and take stock of what is going on. When she com-

plaints of the frustrations of a 15-16 hour working day and of Cabinet Committee meetings inadequately prepared because Ministers have not had time to read their briefs and often resort to sending their juniors, she is echoing Crossman almost to the word.

Other ironies abound. For example, Mrs. Castle told the Cabinet on January 21, 1975, in a discussion on the EEC referendum that she "wasn't going to let such an unimportant thing as the Common Market wreck my political work or my party's socialist unity." Yet a good deal of the rest of the book is a description of her efforts to get Britain out, though when probed it appears that her intellectual convictions are not at all that deep. When her husband Ted later becomes a Member of the European Parliament and admits that, despite his anti-market campaigning, he has never been much moved by the argument either way, she notes the irony of his position but not her own.

The supreme irony, however, is Mrs. Castle's reluctance to note how little was different in 1974-76 from her previous period in office or from practically all post-war governments. She writes as if past failures had not taken place or, if they had, the lessons had been learned. It does not appear to have occurred to her that many of her predecessors had spent their time dealing with exactly the same problems of nurses' pay and rising public expenditure against a faltering economic performance.

If she had had the time or the inclination to sit back and think, she might have concluded that something more basic was wrong. As it is, her tendency is to blame the Treasury for providing inadequate information about the state of the economy at a stage when it was too late for Treasury advice to be

gainsaid. There may be something in the complaint, but there is also a wider point that a Labour Government in particular ought to think more deeply about how to distribute resources that turn out to be less lavish than expected.

One of the problems was that Mrs. Castle was a good Departmental Minister; she describes herself several times as Harold Wilson's best. That meant, among other things, that she fought her corner for funds and usually won. But it was precisely the concentration on her own department that deflected attention from the state of the economy as a whole. True, she did put up proposals for placing more emphasis on the social wage and for more detailed economic discussions. Yet it is doubtful if she ever realised how bad the economy was, nor what failure to achieve economic growth was doing to the Labour Party. "In politics," she writes, "guts is all." It was for her.

The now familiar quarrels were going on all round her. The Party's National Executive Committee was asserting its role in government policy-making. Mr. Roy Jenkins was apparently already dreaming of a coalition, and Mr. Wedgwood Benn (whom Mrs. Castle distrusted) was up to his intrigues, but at no stage did she think that this was anything other than normal. What she describes is a government a good deal more chaotic than even she appreciated. The Party, in fact, had already run out of ideas, but seemed not to notice at the time.

None of this should detract from the book. The reader will find plenty of interest: Mr. Benn's defence of Concorde, for example, and Dr. David Owen's desire to go to the Treasury ("We really have to be tougher over public expenditure").



Barbara Castle: life's little ironies

Terry Kirk

There are also some astute political judgements. Mrs. Castle foresaw Mrs. Thatcher's populist appeal at once and is as revealing as anyone has ever been about Mr. Denis Healey who is described as "not pulling his factual punches while remaining in tune with the trade union mood." Mr. Healey comes out rather well. On the other hand, like most of us, Mrs. Castle was wrong about Mr. Callaghan. He turned out to be a much better Prime Minister than his previous handling of portfolios had given any reason to expect.

In the end, however, there is probably less to political diaries than meets the eye. It has become fashionable to say that they are a contribution to open government. Well yes, up to a point. The best contribution to open government is in fact open government. If the Labour Government had gone public about some of the problems which beset it in the mid-1970s

—public expenditure, for instance, and rising expectations—we might all be much the wiser and more capable of making choices within limited resources. That was what Mrs. Castle was groping after. At one stage she remarked that a particular Cabinet debate on the economy should have been held in public, yet she remained too close to events to insist on her point.

Former Conservative Ministers have not yet taken to writing in this way, but one suspects that their story would be much the same: a record of trying to cope with rising expenditure, inflation and the exchange rate and too little opportunity to think. After Wilson, Crossman and now Castle, we ought to accept the conclusion that Ministers need time off from their departmental duties in order to take a longer perspective. They might even find time to talk to each other. The system described here does not work very well.

## Fiction

## Harriet confused

BY ISOBEL MURRAY

**The Sum of Things**  
by Olivia Manning. Weidenfeld and Nicolson. £5.95. 203 pages

**Human Voices**  
by Penelope Fitzgerald. Collins. £5.35. 177 pages

**A Short Time to Live**  
by Mervyn Jones. André Deutsch. £8.50. 283 pages

**Loosely Engaged: Further pages from the Diary of a Somebody**  
by Christopher Matthew. Hutchinson. £4.95. 150 pages

**Headlong**  
by Emlyn Williams. Heinemann. £5.95. 257 pages

Surprisingly few of today's novelists are concerned to describe the great events of their time. Very generally, the English novel tends to specialise in individual characters, emotional conflicts, social comedy, domestic issues. But one notable exception to this rather sweeping description is the late Olivia Manning.

Her death this summer was a real loss to contemporary letters, and her large readership. Indeed, that sentence points one very significant feature of her writing: she achieved simultaneously critical acclaim and a wide popular success. One reason for this is her lucid prose style, with understated ironies and a marvellous ear for direct speech.

But another feature makes her unique. In the "Balkan Trilogy" and the "Levant Trilogy," of which this is the final volume, the personal experiences of her characters are inextricable from history, geography and the fortunes of war. The title Olivia Manning gave to the sequence of six novels is indeed *The Fortunes of War*. These books render unfamiliar aspects of the last war authentically. Here there are no hectic backdrops or glamorous battle scenes, but a convincingly random series of experiences which often concentrate wryly on anti-climax or forced inaction or confusion and chaos.

It is difficult to convey briefly the effectiveness and economy of the writing of *The Sum of Things*. A tiny instance: actor Aidan Pratt tries to persuade Guy Pringle to come and spend a week in Palestine. "Jerusalem is a lovely place, just like a Cotswold town. The next we hear of Aidan is that he has shot and killed himself

on the train back to Palestine.

When Harriet Pringle receives the news, she is in an emotional turmoil of her own: she has just learned by chance that Guy, her estranged husband, thinks she is dead. It is understandable that Harriet is too confused to attend fully to the news of Aidan's death, but it is appalling to watch Guy's part in the affair.

The Pringles and Simon Bouldestone are the main characters in this volume. Simon was badly wounded at Alamain; he is young, brave and hopelessly in love. Unlike the Pringles, he seems to some extent representative of his generation. Harriet's view of things is the one which guides the reader to the important insights of the novel, and her view is both intelligent and imaginative. She comes to a more equitable acceptance of Guy than this reader can do.

For Guy is a monster, and this is the more effective because it is not overstressed. As he outrageously neglected his wife in the previous volume, here he affects to mourn her, then weeps with joy at their reunion — and proceeds to neglect her as before. The sorry limits of his personality finally allow Harriet to stay with him and yet be free.

Penelope Fitzgerald's *Human Voices* is also set during the Second World War, on the Home Front. *Human Voices* is an engaging account of life and work at the BBC early in the war. There is a bewilderingly large cast of characters, from Old Servants who understand the traditions and values of the BBC, to naive office juniors.

The interest of the novel lies especially in the splendidly evoked chaos of days and fragmentary characters. The plot concerns two Departmental Directors and two young girls in the Recorded Programmes Department. But the DPP has no significant part in the plot, at most he supports the RPD, and is wrongly credited with the pregnancy of Lise. And the RPD does not do anything either: he exists, wallowing in his self-concern, and occasionally the reactions of everyone else.

Which leaves Lise (above), pregnant. And giving birth too, before we are finished. And her successor, Annie, who inexplicably falls in love with the unspeakable RPD. The real life of the novel is not here. It is in the canteens and the corridors, the forays in

the dark beyond Broadcasting House and back, the ramshackle construction of bunk beds in the Concert Hall. All delicious and entertaining. But the characters are so many and so lightly drawn that a (quite enjoyable) re-read may be necessary before the reader is sure of the action.

Mervyn Jones's *A Short Time to Live* is difficult to summarise for different reasons: it relies on a labyrinthine complexity of plot to keep the reader's interest. The book opens at the funeral of Michael Kellert, a respected journalist who has died mysteriously on Tamatuvu, a remote Pacific island.

Those present at the funeral include the young widow, who illustrates children's books, the first wife, another journalist. And there are four former schoolmates of the dead man—a smooth merchant banker, an actor, a Labour MP and a "studentish" man with a beard. And wives.

The book proceeds to activate this set of characters, and it purports to elucidate the death of the journalist and the significance of it all. Although much interaction takes place and the characters all discuss it very fully, both among themselves and with the elderly retired schoolteacher, nothing very considerable results.

Christopher Matthew's *Loosely Engaged* is subtitled "Further pages from the Diary of a Somebody." Like the original novel, George and Weedon Grossmith's *Diary of a Nobody*, Mr. Matthew's work depends on a simple paradox. What the narrator means to convey to his readers and the real facts significantly differ. Here, the Somebody is an ageing young man about town. He is "loosely engaged" to the boss's daughter, and anxious in every way to succeed.

Individual reactions will clearly differ. I found the comedy palling quickly with repetition and predictability.

*Headlong* is Emlyn Williams's first novel. It is a variation on an old fantasy, like Mark Twain's *The Prince and the Pauper*. When the whole Royal Family is wiped out in a calamitous disaster, who will succeed, and what will happen? It is carefully set in 1935, and full of careful parallels with history. But the slow and laboured narrative quenches the fantasy and leaves an after-taste of heavy sententiousness.

## Mr. Waugh's epistolary mode

BY GEORGE MALCOLM THOMSON

**The Letters of Evelyn Waugh**  
edited by Mark Amory. Weidenfeld and Nicolson. £14.95. 664 pages

First of all, a word of warning. This compilation is largely written in a private language which it will be just as well to learn at an early stage. For instance, characters named Ran, Honks, Frisky Trim, Pig, Pug, Blue Feet, Jerk (the late Earl of Avon) keep recurring and it is inconvenient not to know about, or more likely, against whom the great epistolist is writing. A study of pages 52-54, on which appears a letter of 69 lines with 60 lines of explanatory notes will show the scale and nature of the problem.

Secondly, these letters (840 selected from a total archive of 4,500 and containing 150 potential libels, later reduced, the editor thinks, by about 50) cover the period between the Bright Young Things and the Cold Waugh, when, sunk in Somerset, the author saw "before his eyes the darksome bounds of a falling world." (Adam of Bremen, if you don't know) and even the Roman Church, after Vatican II had let him down.

Thirdly, the editor, Mark Amory, has set about his gigantic task with verve, a few well-defined principles and a laudable readiness to sail reasonably close to the wind of libel. The result is an enjoyable book sparkling with wit and venom, an inadvertent, candid self-portrait of the man and a searing picture of a small, self-indulgent and feverish section of English society.

Yesterday's gossip is to-morrow's history, otherwise why do we read Peppys, Walpole, Boswell? Waugh's letters are the recognisable work of an inspired gossip-writer who was also a master distiller of economical English. The painter of that incomparable gallery of cards, the Basil Seals and Peter Pastmasters, is never far away. Here are the odious originals of these comic monsters, here are the hostesses they slept with, whose jewels they pinched!

And here, above all, is the artist himself, bigoted, a professional snob who did not drop names, he showered them: can-tankerous, censorious, the only man in England as rude as Randolph Churchill; here are his hatreds: Picasso, Communism, "frogs" (French), Tito—who, he pretended to

believe, was a woman: "her face is pretty, but her legs are very thick." Here are his admirations, fewer but just as fervent (e.g. Wodehouse; Erle Stanley Gardner; the paintings of Augustus Egg). All of which, it may be said, we knew before. Quite so. But other facets come out, too. An affectionate husband and father, a generous friend, delighting to entertain with sprightly satire, while remaining profoundly sad.

The richest heard of letters are those to Nancy Mitford—what one would give for her letters to him!—with those to Lady Mary Lygon and Ann Fleming following. To Bettelheim, he is apt to be boring and theological.

Here is the first appearance of the girl he married: "I have taken a great fancy to a young lady named Laura, fair, very pretty, rather long thin nose, very thin and might be dying of consumption to look at her, virgin, Catholic, quiet and astute."

In the next letter he reports that his visit to London with Laura was not a success: "I had a hangover and I was sick a good deal on the table, so perhaps that romance is shattered." It was not. From St. James' Club during

the war, this glimpse of patrician manners:

"Ran Antrim is losing his reason. He now sits staring fixedly at the members 'coming and going making very loud comments on them to himself.' That's not a member. What's more, he's not a gentleman. That man has no neck. Those two look like card sharps to me. What a gang of shits!"

Brave in the war, stoical under what he called the Atlee Terror, Waugh's spirit was later touched with moroseness. The society he knew was vanishing. The retreat from folly was turning into a rout and the black patrols of Farm Street were out to pick off the stragglers. Then came Vatican II ("the bugging up of the Church is a deep sorrow to me").

Old age approached with its attendant miseries—deafness, dentures and the decrease of friends. "The last 10 months have been ineffably dreary—my only excursions to dentists and to funerals and my house perpetually full of grandchildren." His letters appealing for gossip become more and more desperate and the flashes of humour grow rarer. The long love-hate duel with Randolph Churchill ends in reconciliation. White's ("that glorious place")

becomes a temptation in which he cannot so often indulge.

The last scene was wonderfully appropriate. On Easter Day, 1966, after Mass (in Latin), Waugh suddenly (as he would have put it) kicked the bucket. So—all's well that ends well.

The letters, meticulously edited, are a fountain of delight.

## F. MILLER (TEXTILES) LTD.

## HALF-YEAR REPORT

An Interim Dividend of 0.9p (1979 - 0.825p) per share has been declared on the Ordinary Share Capital of £1,440,000 to be paid on 18th November, 1980 to Shareholders on the Register at 24th October, 1980.

The unaudited figures for the Group for the six months ended 13th August, 1980 are as follows:

	Six Months to 13.8.80	13.8.79
Turnover	3,551,184	3,379,462
Trading Profit	688,495	655,438
Net Interest	180,576	116,730
Profit before Taxation	849,071	772,159
Taxation (See Note 2)	401,754	400,380
Profit after Taxation	447,317	371,779
Half Yearly Dividend on 720,000 11% Cumulative Preference Shares of £1 each — (Paid 31st March 1980)	39,600	39,600
	407,717	332,179
Interim Dividend of 0.9p per Ordinary Share (See Note 3) (1979 - 0.825p per Ordinary Share as adjusted for Scrip Issue of 1 Ordinary Share for 3 Ordinary Shares on 13th June, 1980)	129,600	118,800
Total Retained Profit	278,117	213,379

Note 1: There has been no change in accounting policies since 13th February, 1980.

Note 2: (a) The tax charged for the current six months is calculated at 52% on adjusted Taxable Profits (1979-80). The provision shown is the total estimated tax liability for the Group. Advance Corporation Tax already paid during the period is £36,400 (1979-80: £60,776).

(b) Taxation is after taking into account the repayment for an earlier year of £32,780.

Note 3: The Interim Dividend for the year ending 13th February, 1981 is declared at 0.9p per share on 1,440,000 Ordinary Shares (1979-80: 0.825p per share after adjustment for 1-for-3 Scrip Issue in June, 1980).

Trading conditions have been very difficult in the half year and considerable effort has been made to control overheads. Profits before tax have been helped by the current high level of interest rates. I expect trading conditions to remain difficult in the second half but the company is well placed to take advantage of any improvement in demand and, subject to trading conditions not getting any worse, I am confident that the final results for the year will be satisfactory.

F. MILLER,  
Chairman.

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1979-80	Company	Price	Change
High Low			
25	49	13.7	2.9
50	121	14.1	6.4
173	524	9.7	5.6
100	74	15.3	20.7
125	38	10.5	8.8
101	85	7.9	6.5
129	66	11.0	16.7
156	82	3.1	3.8
183	103	7.8	6.5
310	242	31.3	10.1
232	175	15.1	6.9
34	10	15.0	18.5
90	70	3.0	6.8
56	23	5.7	5.7
101	42	12.1	5.0
245	136	12.1	5.0

† Accounts not prepared under provisions of SSAP 15.

CORAL INDEX: Close 450.485 (-3)

## BASE LENDING RATES

A.B.N. Bank	16%	Hambros Bank	16%
Allied Irish Bank	16%	Hill Samuel	16%
American Express Bk.	16%	C. Hoare & Co.	16%
Amro Bank	16%	Hongkong & Shanghai	16%
Henry Ansbacher	16%	Industrial Bk. of Scot.	16%
A.P. Bank Ltd.	16%	Keyser Ullmann	16%
Arbutnot Latham	16%	Knowles & Co. Ltd.	16%
Assarides Cap. Corp.	16%	Langriss Trust Ltd.	16%
Banco de Bilbao	16%	Joyds Bank	16%
Bank of Credit & Commerce	16%	Edward Manson & Co.	16%
Bank of Cyprus	16%	Midland Bank	16%
Bank of N.S.W.	16%	Samuel Montagu	16%
Banque Belge Ltd.	16%	Morgan Grenfell	16%
Banque du Rhone et de la Savoie	16%	National Westminster	16%
Barclays Bank	16%	Norwich General Trust	16%
Bremer Holdings Ltd.	16%	P. S. Refson & Co.	16%
Brit. Bk. of Mid. East	16%	Rossminster	16%
Brown Shipley	16%	Ryl. Bk. Canada (Ldn.)	16%
Canada Parn't Trust	16%	Schlesinger Limited	16%
Cayzer Ltd.	16%	E. S. Schwab	16%
Cedar Holdings	16%	Security Trust Co. Ltd.	16%
Charnhouse Japhet	16%	Standard Chartered	16%
Choulatons	16%	Trade Dev. Bank	16%
C. E. Coates	16%	Trustee Savings Bank	16%
Consolidated Credits	16%	Twentieth Century Bk.	16%
Co-operative Bank	16%	United Bank of Kuwait	16%
Corinthian Secs.	16%	Whiteaway Ltd.	16%
The Cyprus Popular Bk.	16%	Williams & Glyn's	16%
De La Warr	16%	Winktrust Secs. Ltd.	16%
East Trust	16%	Yorkshire Bank	16%
E. T. Trust Limited	16%		
First Nat. Fin. Corp.	16%		
First Nat. Secs. Ltd.	16%		
Robert Fraser	16%		
Antony Gibbs	16%		
Guinness Mahon	16%		

## LONDON TRADED OPTIONS

Option	Oct.	Jan.	April	Equity
Exercise Closing price	offer	offer	offer	close
BP	330 56	78	5	385p
BP	360 26	52	25	68
BP	390 9	38	36	48
BP	420 17	15	15	17
Com. Union	180 15	4	26	5
Com. Union	180 15	4	14	15
Com. Gold	500 125	150	1	173
Com. Gold	550 85	65	138	2
Com. Gold	600 40	45	6	115
Com. Gold	650 15	8	56	85
Com. Gold	700 35	2	52	80
Com. Gold	750 8	11	32	58
Grand Mat.	140 14	26	32	1
Grand Mat.	160 2	80	10	17
Land Secs.	350 10	13	10	21
Land Secs.	380 10	88	54	85
Land Secs.	410 2	11	3	45
Marl & Sp.	110 2	5	5	10
Shell	360 60	3	76	5
Shell	390 30	38	54	72
Shell	420 15	2	5	36
Shell	450 3	1	20	30
Totals	372	232	8	
Option	Nov.	Feb.	May	Equity
Exercise Closing price	offer	offer	offer	close
Imperial Co.	70 94	151	41	76p
Imperial Co.	84 44	712	41	10
Imperial Co.	94 24	32	3	106p
Imperial Co.	104 14	22	2	10
Imperial Co.	114 4	11	18	6
Imperial Co.	124 13	49	28	41
Imperial Co.	134 35	10	58	77
Imperial Co.	144 15	15	78	470p

## Born and bred in Thaxted

BY RACHEL BILLINGTON

**Inherit the Earth: A Social History**  
by Maureen Duffy. Hamish Hamilton. £8.95. 159 pages

Many of us pull out a strand of our family's history and wish, lazily, we knew more. Maureen Duffy, with extraordinary thoroughness, has pulled apart the whole tapestry, traced the almost untraceable and put it back together as a picture of one family. It starts with "a very distinct John in 1485" and continues to her own, still living, great-uncle Harry. Their name is Jarvis. Their home, Thaxted in Essex. That is the centre of the pattern and the theme of the book.

Maureen Duffy makes great Uncle Harry's reply to her query about why the Jarvises returned

to their town, however poor a living it offered, the last line of her book: "They were born and bred there, duck, bred and born." This is, of course, why such a book is possible. The Essex Record Office in Chelmsford supplied the basic material for the book. If a Jarvis went to work in London he came back. If he went to fight in Salónica or Buenos Aires, he came back.

Maureen Duffy's attitude to such attachment is not entirely clear. Certainly this is no romantic picture of the rural working men of England. She sympathises with their appalling hardships on the land, pointing out that it was their ability to survive that made them so brave in the trenches or, when removed to the metropolis, so stolid in the Blitz. But she also notes that this had the effect of making their overriding aim material comfort.

Their culture was,



## DIY AND HOME IMPROVEMENT 1

FINANCIAL TIMES REPORT

Throughout the 1970s, the do-it-yourself sector grew by leaps and bounds. Many companies were eager to break into this lucrative market, attracted by high margins and rapid growth. But the industry has not proved immune to recession, and competition is intensifying.

# Growth prospects look less glamorous

FEW SECTORS of British industry have experienced the dynamic growth which has characterised the home improvement and do-it-yourself (DIY) market over the last decade. During the 1970s, when the UK's construction output was falling as a whole, home improvement provided one of the few stimuli to growth among producers of building materials.

At the same time the retailing side of the DIY business was growing by leaps and bounds. During the last three years in particular, DIY groups have distinguished themselves as being among the most innovative and flexible in UK retailing.

Leading City analysts estimate that the size of DIY sales at the retail level was around £1.5bn last year, an increase of 25 per cent over the previous year and roughly three times 1973 levels.

However, it is important to note the difficulty of defining a total UK market in DIY and home improvement. The label "DIY" covers an enormous range of items, from paintbrushes and glues to wallcoverings and power tools and even self-assembly furniture. Another problem in delineating the sector is the differentiation between DIY in the house or flat and DIY in the garden or car.

There can be no doubt, however, that DIY in the UK has developed into a national activity of no small proportions. All over Britain, and in greatly varying age groups and socio-economic brackets, DIY has made its influence felt. Whether it is the simple installation of a double-glazed window or the most sophisticated garden-shed full of drills and saws and a variety of wood-working facilities, DIY is a pervasive phenomenon. Its broad range of activities and its universality has made the business almost irresistibly growth-orientated.

As one of the most lucrative and expanding consumer industries, DIY has in recent years presented opportunities to many companies whose traditional High Street or builder's supply business seemed to be facing limitations to growth. One of the main features which attracted a bevy of newcomers was the fact that gross margins in DIY can be significantly above margins elsewhere on the UK retailing scene.

But now that established

names such as Home Charm, A. G. Stanley, MFI Furniture and others have been joined by less obvious DIY operators, such as W. H. Smith, Comet Radiovision and F. W. Woolworth, the effects of the current recession are beginning to hit even the glamorous DIY sector. This experience has been shared on the supply side as well as in retailing, as customer de-stocking and a sharp fall in demand have reined back profits at groups such as Donald Macpherson, Aaronson Brothers and Melody Mills.

### DIY SECTOR ALAN FRIEDMAN

The extraordinary swiftness with which the squeeze on consumer spending hit the UK in late spring and early summer has now started to damage the once-buoyant prospects of some of Britain's leading DIY groups. In some cases the recession will mean only a slowing of volume growth; elsewhere it could portend declining profits and even losses.

Disposable income has dropped sharply at a time when more and more UK companies are competing for a piece of a slower-growing DIY pie. Recent Department of Trade figures suggested a 1.7 per cent fall in the volume of UK retail sales from June to July. The current year has been marked by violent price-cutting campaigns and slashed trading margins, as well as the painful impact of dramatically higher interest charges.

Although the DIY and home improvement is not immune to the depressed state of the British economy this has not discouraged several leading UK groups from trying to "buy into" the DIY sector. Such groups hope that an upturn is inevitable and that DIY will continue to be a growth area after the present economic squeeze has ended.

Perhaps the most famous example of a large UK retailing group attempting to buy its way into the DIY game was the recent expensive acquisition of B & Q, the DIY retail chain with 35 outlets, by Woolworth, the troubled UK retail giant. Woolworth paid about £13m of

goodwill on top of B & Q's net assets of around £3m. Mr. Geoffrey Rodgers, chairman of Woolworth, described the move as a means of diversifying for the future into the DIY trade.

He admitted that with the current difficulties in trading, Woolworth could use extra avenues of growth. But B & Q subsequently revealed that despite its own impressive growth record, sales in the half-year to July were up only 12 per cent while inflation was coasting at 17 per cent and overheads were rising fast. The implication was a decline in volume from one of the DIY sector's major success stories.

Last year there were a number of new entrants into the DIY game, including W. H. Smith Ready Mixed Concrete and Harris Queensway. In April 1979 Harris Queensway, a carpet retailer and discount furniture supplier, formed a new DIY division and began building up its network.

But these companies must be watching closely as the recession hits both their more established competitors and newcomers. Donald Macpherson, which supplies 17 per cent of its paint output to Woolworth as "Cover Plus," recently saw its half-year trading profits fall by 30 per cent.

Furniture fittings and retail paint sales were caught by the downturn in consumer spending as pre-tax profits fell from £2m to £1.3m. Mr. Rex Chester, chairman of Donald Macpherson, said last week that there was no doubt but that the DIY business was depressed along with other retail operations. "The recession has arrived and it has arrived in a big way. The consumer has, for the time being, lost his or her nerve. DIY is no different from other parts of the trade," he said.

This view might well be shared by Aaronson Brothers, the maker of chipboard, veneers and plastic laminates, which has achieved a leading position with its brand names of Contiboard, Contipal and others. Aaronson's pre-tax profits were hit last month by substantial de-stocking by DIY shops and fell 29 per cent to £1.43m in the first half of the year.

Mr. Peter Wright, the company secretary, explained that turnover was up but margins fell drastically because of higher interest rates and a slowing in the DIY market. "This business

comes from people's surplus income and when the economy picks up, so will we," he said.

The evidence of a difficult period in DIY and home improvement mounted with the recent news of a decline in pre-tax profits from A. G. Stanley, one of the most firmly established DIY groups. With 270 outlets in the UK, Stanley is keenly attuned to the High Street. Mr. Malcolm Stanley, the chairman, said that the reason why his group's pre-tax margins had come off five points was fierce price-cutting, which began in earnest when Tesco began selling branded paint at cost-prices last spring.

Stanley's pre-tax earnings for the first half of the year fell from £1.2m in 1979 to just £800,000. Group mark-up has been reduced from 35 to 32 per cent since the end of last year. By the end of this year, Stanley's profits may have fallen by almost a third—from

£3m pre-tax to as little as £2.25m.

Mr. Stanley agreed with industry analyst Bill Calder, of stockbrokers Earnshaw Haes, that a sector-wide rationalisation of DIY groups was now getting under way. Mr. Calder predicted last week that the next 12 months could see a genuine shake-out among DIY companies.

It is true, of course, that with mortgage money hard to obtain many house owners will want to upgrade their dwellings rather than move, thus aiding the DIY and home improvement business. But this argument presupposes that the British consumer has enough disposable income to spend on non-food items, which is not immediately apparent from current retail trading.

For the future, it seems reasonable to expect that the DIY sector will continue to grow, albeit in a possibly

rationalised form. The smaller DIY groups could find that the financial commitments involved in expansion will become a heavier burden.

But manufacturers of building supplies and tools should be able to look to a brighter future as the DIY business carries on growing after the UK's economy pulls itself out of the present trough. Public sector growth is far less certain as grants for home improvement begin to sleep away.

In the longer term, the DIY sector should be an exciting business. The development of new retailing styles such as the edge-of-town "superstores" has been pioneered by several DIY groups. But the short-term outlook cannot help but reflect the general recession. Once the economic squeeze is over it will be useful to remember that although times changes, screwdrivers and paint brushes are never out of style.



Tiles for two... tight mortgage money increases the desire for home improvement—but only if disposable income is sufficient.

## 'Concept' approach aims to boost sales

THE DIY industry has a remarkably wide manufacturing base. This mostly reflects the diversity of its product range but also stems from the relative immaturity of the industry, which has only really emerged into retailing prominence in the past half-dozen years.

Home decorating is the major product area. According to the London-based research organisation, Euromotor Publications, home decorating accounted for some 48 per cent of the £1.52bn estimated to have been spent on DIY products in 1979. Tools and wood products absorbed 38 per cent of spending, with repairs and accessories accounting for the rest.

Within these three broad product bands, Euromotor's researchers pinpoint seven main individual sectors. The big four—furniture, wood and board, tools and paint—each account for some 12 per cent of the market. Wallcoverings are an important element, with some 9 per cent of spending, followed by doors (5 per cent) and plumbing (4 per cent).

Until 1976 paint was far and away the biggest selling product, but the boom in the late 1970s across a broad range of items, notably kitchen furniture, has radically altered the structure of the market. In the three years to 1979 total spending in the UK expanded from £0.81bn to £1.52bn, with the furniture market exploding upwards from £47m to £233m.

Over the same period the market in wood and board products is estimated to have grown almost as fast, expanding from £90m to £230m. Hand tools have moved up from £85m to £210m and the paint market has also kept comfortably ahead of inflation, roughly doubling in size from £107m to £200m.

Estimates of the growth of demand this year vary. Sales have weakened in line with the general decline in High Street spending and the trade has been hampered by a spate of price-cutting which is only now beginning to work its way out of the system. Competition from imports has remained fierce.

In the face of this challenge manufacturers have been moving progressively towards what the trade terms co-ordinated products—effectively matching colours and styles in a variety of products. This "concept approach" is aimed at boosting volume as well as restoring the industry's hard-pressed profit margins.

Profitability among the makers of furniture is showing

### MANUFACTURERS JEFFREY BROWN

obvious signs of stress. Kitchen Queen has moved heavily into the red this year. The company has had problems in its retailing division. But it also makes a wide range of kitchen furniture under the Di Lusso label where competition and the cost of writing off obsolete stock have forced Kitchen Queen into losses.

Flanking Kitchen Queen as a major producer of self-assembly furniture is the Norcross group, which operates in this field under the Hygena name. Buro's Dean, Feeless and PMA Holdings also have a stake in furniture.

All the major timber groups have a substantial interest in the market. Home improvements are a major strength at Magnet and Southern, which currently gets around 60 per cent of its sales in this form. The company's development of retail outlets has been augmented by complementary product lines such as safety glass and pressed metal doors with high thermal qualities.

Best known perhaps for its tiles, the Marley group has extensive links with the trade. Home improvements now account for some 45 per cent of the company's total turnover. Refurbishing and renovation is becoming increasingly important to Marley's traditional roof tiling, flooring and PVC rainwater and drainage products.

The Reed group is the market

leader in wallpaper, with around 10 per cent of the UK market; that number two slot is filled by another multinational company, ICI. The only public company totally committed to making wallpaper is Melody Mills which, despite its lack of size and financial muscle, has managed to challenge the major producers successfully.

On the strength of product and design innovation Melody has become something of a market leader in the cheaper washable papers. A current promotional campaign under the Reflections brand name offers fashionable patterns and matching facilities in wallpapers, in contrast to the more costly vinyls produced by the major wallcovering groups.

In paint ICI's Dulux brand is the market leader, followed by the products of Crown, Berger and Donald Macpherson. Macpherson makes the Cover Plus brand which is marketed through the Woolworth chain. Leyland Paint and Wallpaper is also a major supplier of own-brand paints to the multiple stores.

# Polycell

**Because Polycell's customers keep on buying products which make home improvement easier—Polycell's business is built on the confidence that people have in its products.**

Polycell started the DIY boom in 1953 with the launch of their cellulose wallpaper adhesive.

This product revolutionised the job of wallpapering because it allowed the do-it-yourselfer to achieve really good results. Even now no wallpaper paste beats Polycell Regular's unique combination of adhesive strength and low staining.

In the years since then the company has grown out of all recognition. A stream of innovations have played a major part in building DIY to the size it is today.

More people have tackled more tasks because Polycell products have made it easier for them to do so. Thus Polycell's lines outsell all others in every market sector in which the company operates.

### Polycell's Philosophy

The Polycell philosophy is simple: take a job which includes a high input of skill and experience to do well; analyse it and identify any problems; then produce a product which minimises the problems and simplifies the job to the point where no special skills are needed to do it quickly and easily.

Working with this 'problem solving' approach, Polycell has over the years consistently come up with first-rate products: Polycell wallpaper pastes, Polyfilla, Polytex, Polystrippa...and many others.

All of these are distinctive Polycell brands, all the best of their kind that money can buy, and all backed by a continuing programme of development and improvement.

### DIY Double Glazing: a Revolution

The same approach of developing new products to simplify otherwise complex jobs has been carried through in double glazing.

Traditionally, people have thought of double glazing in terms of salesmen, quotations and second mortgages, as expensive jobs which only the specialised contractor can do.

Polycell used its DIY expertise to sweep all that away, by launching a secondary double glazing system, specially designed for installation not by the expert, but by anyone who can use a hacksaw and a screwdriver. It actually built into the design brief that the system must compensate for any small errors of measurement or cutting.

The most immediate advantage to the householder is that self-installation permits substantial cost savings, since the highest single cost—labour charges—is avoided.

Windows can be double-glazed one at a time, prices starting as low as £22, including cost of glass.

Many people who could not otherwise afford it are given the opportunity to enjoy the benefits of double glazing.

For the first time you don't have to pay more to save more. Three systems are available—one system slides horizontally, another vertically and the third, the simplest of all, is a fixed-pane system for smaller or seldom opened windows.

Sample windows can be seen at any local Polycell Double Glazing stockist.

Indicative of the acceptability of such a DIY double glazing concept is the fact that Polycell Double Glazing has been used on more than 500,000 windows, with 3 out of 4 first time users going on to purchase again.

### Polycell: EFFECTIVE Double Glazing

Polycell Double Glazing is supplied shrink-wrapped in kit form and is distributed through a wide network of retail outlets.

This effectively means that anyone considering double glazing can purchase and install it virtually immediately, without the long delays for quotation and delivery normally associated with manufacturer-installed systems.

The tracks and glass carriers are made of rigid building quality PVC—an ideal material for double glazing.

Not only is it easy to cut to size, but it is also a much better thermal insulator than traditional aluminium. There is, therefore, less heat lost through the frames and condensation is reduced.

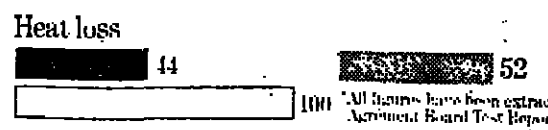
One might think that Polycell DIY systems cannot possibly either look or perform as well as those installed by manufacturers.

Surprisingly, that is certainly not the case. The systems' white PVC construction and easy installation ensure a thoroughly attractive and maintenance-free finish.

In addition, Polycell Double Glazing has been tested by the Agreement Board against good quality sealed unit replacement windows and found to be equally effective at reducing heat loss, eliminating noise penetration, and eliminating draughts.

Tests by the Agreement Board give an indication of the insulation benefits of installing Polycell Double Glazing.

- Polycell Double Glazing
- Ordinary Single Pane Windows (Index 100)
- Sealed unit replacement windows



**Polycell Double Glazing: Trade Installation**  
The benefits of Polycell's systems have not gone unnoticed by the trade.

# Polycell. Do it right.

Polycell's product has been used on everything from large scale contract work for town councils, universities and airports down to installations where householders have asked for Polycell Double Glazing to be professionally installed.

Most installers find that Polycell Double Glazing is so economical that they can take a good margin and still undercut competitors.

Some organisations even use their own maintenance staff to install Polycell Double Glazing in their factories and offices. No special tools or skills are required.

To meet increasing demand, Polycell have made the system available through Builder's Merchants and also produce special contractors packs for larger jobs.

If you are interested in the use of Polycell Double Glazing in commercial premises or are interested in installing it, contact Mr. I. Wallace, Polycell Products Ltd, 30 Broadwater Road, Welwyn Garden City, Herts. Of telephone Welwyn 28131.

### Progress continues

Polycell's latest new product (the 4th this year) is Polyskim, the first effective DIY plastering system.

Plastering has always been a daunting task for anyone other than a specialist plasterer. Yet it is a frequent requirement for both householders and general tradesmen.

Polyskim is designed to enable them to achieve good results quickly and efficiently.

The product comes ready-mixed and is applied straight from the tub with a brush. Its controlled characteristics ensure that the non-specialist can obtain a smooth and level finish with the free spreader provided.

Polyskim is a registered trade mark and a patent covering the product has been applied for.



## DIY AND HOME IMPROVEMENT 2

## Balance shifts towards High Street giants

DIY HAS BEEN one of the most profitable and fast-growing areas in the retailing sector—so good, in fact, that it has caught the imagination of many of the older, more established High Street giants. The high margins available have proved irresistible, but the rush of entrants into the field is one reason why the DIY bubble has finally burst.

The retailers have historically been able to ride the ups and downs of consumer spending in style; but 1980 is changing the whole pattern. DIY is no longer recession-proof. And while it must pick up again—people will spend more on their environment when they can afford to—there must be very serious doubts that DIY retailing will ever recapture its old glamour.

Figures produced earlier this month by two of the best-known names in the market, Stanley and Home Charm, bear out the new problems that the sector has encountered.

A. G. Stanley, the quoted company which runs some 260 High Street outlets (mainly under the "Fads" banner), reported that its profits in the first half of 1980 had collapsed by over a third to just over £800,000.

Mr. Stanley calculates that some 40 to 45 per cent of the company's £24m sales during the first half were accounted for by paint. Of that, about two-fifths is accounted for by own-brand paint, against which the competition has had a less dramatic impact. Profit margins are still good; it was among the proprietary brands that the price war broke out.

Mr. Bill Calder, of stock-brokers Earnings Hays, believes that gross margins on sales of Dulux paint were slashed from around 20 per cent to 8 per cent in the spring, as giants such as Tesco and Asda tried to carve out a bigger slice of the market by price-cutting. The repercussions on the smaller operators are obvious.

Tesco, not surprisingly, has little sympathy with the DIY retailers. It wanted to be a force in the market, so it cut prices. As Mr. Darnell, a Tesco director says: "Nobody can afford to take an entrenched position on prices."

At present, Tesco is the third-largest seller of paint in the UK. Woolworth is probably number one, with its own brand, Cover Plus, which is manufactured by Donald Macpherson, and Stanley is perhaps number two. In fact there is not much to choose between them. Woolworth says it has 13 per cent of the market; Tesco claims 12 per cent, and Stanley is somewhere between.

But the traditional retailers could do little in the spring to hit back at Tesco and Asda except cut their own margins to shreds, the manufacturers had other ideas. ICI has convinced Asda to stop using Dulux as a loss-leader and some supplies

have been withheld from Tesco. Mr. Darnell says that he has plenty of stock but the message from ICI is very clear.

Home Charm, operator of the Texas Chain, was the other quoted company to surprise on-lookers with a near-halving of its pre-tax profits to £840,000 in the first six months of 1980. However, while not immune to the competitive pressures which

have caused a sharp deterioration in operating margins at Stanley, the story at Home Charm is different, illustrating the other major problem which has faced the retailers.

The downturn in consumer spending has finally caught up with the DIY sector. While sales of cheaper items, such as paint, have held up, the real problem has arisen among the more expensive items such as kitchen and bedroom furniture and bathroom suites. Demand for these high-margin items has collapsed, and companies such as Home Charm, which have put increasing emphasis on "improvement" goods have been caught out.

Home Charm's problems have been compounded because earlier expansion plans are coming to fruition now when demand has dropped away. The

new stores—a third will be added to selling space this year—are taking much longer to get into profit and interest costs have soared.

MFI also recently reflected the sector's problems with a missed profits forecast which brought the management in for a lot of criticism.

The market has, therefore, been hit in two ways: falling demand and fierce competition. A shake-out in the trade looks inevitable, but already there are definite signs that the traditional structure of DIY retailing is changing. For convenience the retailers can be divided up into a few distinct groups.

There are the High Street specialists such as Stanley, the retailing arm of Leyland Paint, which includes Blaskies, Kenricks and Turners, the Art Wallpaper subsidiary of GUS and the Robert Dyas chain. The specialists have the largest share of the DIY cake—estimated around the 35 per cent mark—but it is declining.

Then there are the traditional builders merchants. These, however, somewhat missed the boat because they did not want to upset relationships with their traditional customers, the builders. Some have come to terms with the DIY market by operating separate businesses aimed at the DIY enthusiast, while others have tried to combine the two. According to Mr. Reg Williams, a director of The Federation of Builders Merchants, the merchants are

trying to promote the image of the "professional people in DIY."

The independent superstore multiples such as Home Charm and Dodge City, a private company, have most of all been responsible for lifting the DIY retailers' image above racks of nails and shelves of paint. However, as independents, they seem to be fast-disappearing into much larger groups.

It has already been shown how Tesco and Asda have fought their way into the market by price-cutting. But these groups will probably only operate on a fairly limited range of items concentrating on the decorative end.

Other large professional retailers have been snapping up smaller chains, often very cheaply. Woolworth, which already sold a good deal of paint, has just purchased B and Q. This company operates a chain of stores, laying more emphasis on price than firms such as Home Charm or Dodge City.

W. H. Smith, which bought a line of shops from LCP, has taken the DIY concept a stage further. Called W. H. Smith Do It All, the shops stock everything that man, woman or child should need to fill their leisure time—from knitting needles through toy kits to bathroom suites.

As part of the general policy of shopping around for loans, it could be worthwhile to approach the building contractor, builders' merchant, or supplier. If they are a large and reputable company, they may have access to cheaper loans—it is in their interests to offer competitive rates and help the home improver raise money.

Local authorities also could be approached to lend part of the remaining cost of the home improvement—although in the current, tight financial climate such loans are not likely to be easily forthcoming. It depends, however, whether the improvement is part of the local authority's strategy for improving the housing stock in a particular area.

Another point not to overlook in calculating the financial position is the availability of tax reliefs. Tax relief is usually available on the interest paid on money borrowed for home improvements. The scale of the relief will depend on the extent of the project, but major structural projects should qualify for relief on the whole interest.

The best advice is to consult a local tax office and the lending body at an early stage to clarify the status of the interest payments for tax purposes.

The National Home Improvement Council—at 28, Store Street, London, WC1—has a number of useful booklets available setting out the problems and advantages of home improvement.

Proper insulation can save a lot on heating bills—provided that home-owners can raise the money for it, which is not always easy

## RETAILING

TERRY GARRETT

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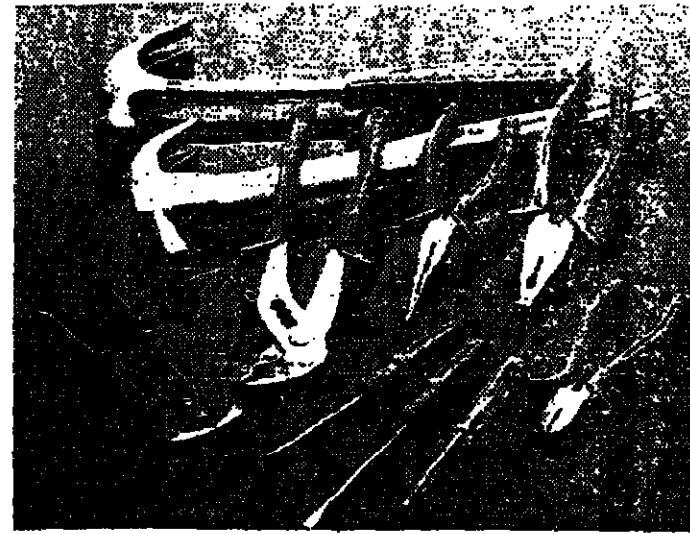
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Proper insulation can save a lot on heating bills—provided that home-owners can raise the money for it, which is not always easy



Tools of the trade—and also of the arid home improver. Tool manufacturers face a brighter future when the economy climbs out of its present trough

trying to promote the image of the "professional people in DIY."

The independent superstore multiples such as Home Charm and Dodge City, a private company, have most of all been responsible for lifting the DIY retailers' image above racks of nails and shelves of paint. However, as independents, they seem to be fast-disappearing into much larger groups.

It has already been shown how Tesco and Asda have fought their way into the market by price-cutting. But these groups will probably only operate on a fairly limited range of items concentrating on the decorative end.

Other large professional retailers have been snapping up smaller chains, often very cheaply. Woolworth, which already sold a good deal of paint, has just purchased B and Q. This company operates a chain of stores, laying more emphasis on price than firms such as Home Charm or Dodge City.

W. H. Smith, which bought a line of shops from LCP, has taken the DIY concept a stage further. Called W. H. Smith Do It All, the shops stock everything that man, woman or child should need to fill their leisure time—from knitting needles through toy kits to bathroom suites.

As part of the general policy of shopping around for loans, it could be worthwhile to approach the building contractor, builders' merchant, or supplier. If they are a large and reputable company, they may have access to cheaper loans—it is in their interests to offer competitive rates and help the home improver raise money.

Local authorities also could be approached to lend part of the remaining cost of the home improvement—although in the current, tight financial climate such loans are not likely to be easily forthcoming. It depends, however, whether the improvement is part of the local authority's strategy for improving the housing stock in a particular area.

Another point not to overlook in calculating the financial position is the availability of tax reliefs. Tax relief is usually available on the interest paid on money borrowed for home improvements. The scale of the relief will depend on the extent of the project, but major structural projects should qualify for relief on the whole interest.

The best advice is to consult a local tax office and the lending body at an early stage to clarify the status of the interest payments for tax purposes.

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have been withheld from Tesco. Mr. Darnell says that he has plenty of stock but the message from ICI is very clear.

Home Charm, operator of the Texas Chain, was the other quoted company to surprise on-lookers with a near-halving of its pre-tax profits to £840,000 in the first six months of 1980. However, while not immune to the competitive pressures which

have caused a sharp deterioration in operating margins at Stanley, the story at Home Charm is different, illustrating the other major problem which has faced the retailers.

The downturn in consumer spending has finally caught up with the DIY sector. While sales of cheaper items, such as paint, have held up, the real problem has arisen among the more expensive items such as kitchen and bedroom furniture and bathroom suites. Demand for these high-margin items has collapsed, and companies such as Home Charm, which have put increasing emphasis on "improvement" goods have been caught out.

Home Charm's problems have been compounded because earlier expansion plans are coming to fruition now when demand has dropped away. The

new stores—a third will be added to selling space this year—are taking much longer to get into profit and interest costs have soared.

MFI also recently reflected the sector's problems with a missed profits forecast which brought the management in for a lot of criticism.

The market has, therefore, been hit in two ways: falling demand and fierce competition. A shake-out in the trade looks inevitable, but already there are definite signs that the traditional structure of DIY retailing is changing. For convenience the retailers can be divided up into a few distinct groups.

There are the High Street specialists such as Stanley, the retailing arm of Leyland Paint, which includes Blaskies, Kenricks and Turners, the Art Wallpaper subsidiary of GUS and the Robert Dyas chain. The specialists have the largest share of the DIY cake—estimated around the 35 per cent mark—but it is declining.

Then there are the traditional builders merchants. These, however, somewhat missed the boat because they did not want to upset relationships with their traditional customers, the builders. Some have come to terms with the DIY market by operating separate businesses aimed at the DIY enthusiast, while others have tried to combine the two. According to Mr. Reg Williams, a director of The Federation of Builders Merchants, the merchants are

trying to promote the image of the "professional people in DIY."

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OUTSIDE HOUSE PAINTING  
NOW ELIMINATED

ANOTHER benefit of modern technology is available to the home owner. An exterior wall coating so tough and durable that it is guaranteed to eliminate exterior house painting for 15 years. This remarkable development is Kenitex Textured Coatings.

Developed during the last war in the U.S.A., and manufactured in 34 countries, there are now millions of Kenitex applications on homes, commercial and industrial buildings. In the U.K. alone, thousands of applications remain in perfect condition after more than 15 years exposure.

Kenitex waterproofs and decorates. It is applied in one quick spray application, without inconvenience, up to 20 times thicker than ordinary paint. Kenitex seals holes and cracks and hides building defects, yet does not conceal the original architectural lines.

Shot from a gun. Kenitex is factory guaranteed for 15 years against chipping, flaking and peeling. It is extremely flexible and withstands all normal building expansion and contraction.

Actually shot from a gun—Kenitex fuses to the building walls. It is available in a

variety of beautiful modern colours. Kenitex performance is backed by Agrement Certificate 79/628. Qualified contractors throughout the U.K. are prepared to quote without obligation and home improvement loans are available. Cost is surprisingly low. Obtain free information by phoning 01-570 4605 (24 hour) or writing to Kenitex Ltd., Dept. F.T., Freeport, Hounslow, TW4 5BR (no stamp needed). A limited number of dealerships are open for enterprising companies to take on sales and application of Kenitex throughout the United Kingdom.

## ADVERTISEMENT

LEAKING GUTTERS  
NOW ELIMINATED

ANOTHER benefit of modern technology is available to the building owner. A system of rainwater guttering tailor-made to exact building requirements in one continuous strip, so tough and durable to be maintenance-free for at least 25 years.

This remarkable development is Aluminium Seamless Gutters, in daily use throughout the world. There are now thousands of seamless gutter installations on homes as well as commercial and industrial buildings world wide.

Tailor-made. New Seamless Gutters are made at the building site by unique portable machinery that roll-forms attractive gutters in one continuous strip from non-rusting aluminium without sectional joints. Average domestic installations can usually be completed in half a day.

Prevents blockage. The aluminium gutters are preprimed with a new coating development that is heat bonded to the aluminium. The finish is remarkably durable, and independent laboratory tests indicate an estimated life of 30 years before repainting might be necessary.

Aluminium Seamless Gutters are factory guaranteed

for 25 years against leaking. The special grade aluminium will remain rust free and as the system is installed without sectional joints there are no leaks. The aluminium drain-pipe sections are made in an attractive rectangular shape and each outlet is fitted with a unique leaf trap to help prevent down spout and drain blockage.

Cost is surprisingly low and you can obtain free information by phoning 01-570 4605 (24 hrs) or write to Seamless Gutters, Dept. FT, Freeport, Hounslow, TW4 5BR. No stamp needed. Contractors operating throughout the UK are prepared to quote, you without obligation and home improvement loans are available.

A limited number of exclusive dealerships are open to enterprising companies to take on the sales and installation of Seamless Gutters throughout the United Kingdom.

## Building societies still best bet

PRIVATE FINANCE  
DAVID CHURCHILL

GETTING A local authority home improvement grant may be easier under the Government's new Housing Act—so long as the local authority has the money—but it still leaves the home improver needing to find between a quarter and a half of the finance. This is where the resourcefulness of the would-be home improver is put to the test. Indeed, the business of raising the finance from both the public and private sectors often needs far more planning than is required for the improvement itself.

The primary source of finance—and probably the cheapest—is to try a building society. Home improvement loans do not have as high a priority with the societies as do loans for house purchase—for the obvious reason that their money is safer mortgaged to the main asset rather than just an improvement.

But the position can fluctuate from month to month and from society to society. In the present climate, for example, the societies seem caught between a fall in demand for house-purchase loans—because of the general economic uncertainty and high interest rates—and a transfer of funds to other forms of savings which attract higher rates of interest.

The advantage of a loan attached to an existing mortgage is that the houseowner will probably have a longer pay-off period, which means smaller monthly repayments.

The building society will need to see detailed plans for the intended improvement, along with all the necessary planning consents and detailed builder's

cost estimates. Ensure that the chosen contractor will be prepared to wait for payment, since some society loans allow for progress payments, but others only produce cheques after the whole job is done and inspected.

The building society will usually charge a small fee for the clerical costs of processing the loan application, as well as charging for the cost of a surveyor's visit. If the society's branch manager agrees to the loan, his agreement in writing should be sufficient to get a temporary bank loan and to get the builder working.

High Street banks are the next most obvious source of finance, but their lending tends to be far more short-term than that of the building societies. Banks generally have their own ideas about improvement loans, but they tend to prefer lending to owner-occupiers. Their loans will also be more expensive

than a building society's. Few banks will lend for more than five years, and some lend for only a maximum of three years.

With the Government's anti-inflation strategy of curbing the money supply, the banks are under pressure not to grant too many personal loans for non-essential home improvements. But the definition of what is essential is very broad, and the banks are still anxious to earn a profit from lending money. The best approach is just to sound out your local bank manager.

Loans from finance houses are broadly similar to those from a bank. In most cases the interest rates tend to be higher than those charged by building societies, although some of the bigger finance companies operate loans where the interest is calculated on a day-to-day balance and the rate is similar to a bank loan.

Finance house loans are

usually easier to arrange and they offer repayment periods of up to 10 years.

Insurance companies also offer another source of finance and usually the loan for home improvement is linked with life assurance. The idea is that when the insurance policy matures, the amount of the loan is repaid. The minimum period of the loan and life policy must exceed 10 years.

As part of the general policy of shopping around for loans, it could be worthwhile to approach the building contractor, builders' merchant, or supplier. If they are a large and reputable company, they may have access to cheaper loans—it is in their interests to offer competitive rates and help the home improver raise money.

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## WHERE THE HEAT GOES



Proper insulation can save a lot on heating bills—provided that home-owners can raise the money for it, which is not always easy

## Revised system for easier claims

THE NUMBER of home-owners considering some form of home improvements is undoubtedly on the increase yet the number applying for Government grants has fallen steadily over the years. In 1973, there were some 300,000 grants given by central and local government for home improvement; by 1978, the figure had dropped by two-thirds to just over 100,000.

The pressure on public spending—has obviously contributed to this decline. More importantly, the fall-off in demand has been due to the costly delays in waiting for the grant to be given.

Mr. Michael Heseltine, Environment Secretary, recently said that although the renovation grant system was there to help people to improve their homes, far too many applicants simply give up trying to get a grant. This was either because of the hassle and red tape involved, or because applicants found that the cost of the project had become so inflated by the time the grant came through that they simply could not afford the improvement any more, irrespective of the grant.

To enable more people to take up improvement grants, the Government has therefore included a complete revision of the grants system in the Housing Act, which became law earlier this summer. Some of the exact details of the new grants however have still to

be revealed over the next few months. These details will be published as Orders when Parliament returns next month.

The Government's revised system will make it far easier for people to claim grants. Firstly, the scheme is being extended to cover every householder, whether a council or private

tenant, house or flat-owner. Repair grants will be available for major structural work on pre-1919 buildings and the rules are to be changed to allow people to instal basic amenities, such as baths and indoor toilets, without having to carry out more comprehensive improvements.

In housing action areas, the Government is scrapping its present rateable value limits which disbar applications from owner-occupiers in houses with a rateable value of over £300 in London, and £175 in the rest of the country. The Government is also scrapping the "Five year rule" which forced home owners to repay a grant if they moved within five years of the last grant payment.

The key criterion for the new legislation has been to improve

the flexibility of the grants system. The Department of the Environment says that the aim is to direct resources to priority cases, with a view of improving the housing stock overall. Although initial priorities will be based on house condition, the Department recognises that priorities will also be related to the personal circumstances of grant applicants.

The present limits on eligible expenses, last fixed in 1977, are to be revised upwards to take account of the variation in cost between different geographical areas, and the higher cost of renovating houses in particularly poor condition.

Grant rates at present have a maximum limit of 75 per cent in housing action areas (with discretion to increase to a maximum of 90 per cent in hardship cases), 60 per cent in general improvement areas, and 50 per cent elsewhere. Local authorities already have power to pay all discretionary grants at less than the full rate; the Department says they will be encouraged to make wider use of this power to pay a lower grant in the light of particular circumstances and the resources available to them.

In addition, the Department says that with limited resources available, a reduced rate of grant might be appropriate in the case of desirable but less essential improvements. It is proposed that there should be two basic grant rates; a higher

basic rate of 75 per cent for houses in action areas, or, if outside these areas, if they lack amenities, are unfit, or lack a fire escape; and a lower basic rate of 50 per cent for all grants for other dwellings.

One minor grant that will be unchanged in the new system is for loft insulation. Householders or tenants can apply for a grant covering 86 per cent of the cost of loft insulation up to a maximum of £50. The Government hopes to hand out about 700,000 of these grants each year until 1985, leading to an estimated £100m a year fuel-savings.

Elderly people on low incomes will, under a more announced last month, be eligible for a 90 per cent grant for loft insulation up to a maximum of £50.

The new grants system, however, will take some time to get fully under way, and depends on the Parliamentary borders being laid over the next few months. It also remains to be seen how far local authorities—faced with central Government cuts in their housing finance support—are enthusiastic about the new grants.

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says Ted Moul.

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**FINANCE, LAND—Continued**[illegible][illegible]

**"Recent Issues" and "Rights" Page 28**

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## MAN OF THE WEEK

### Devious political infighter

BY PATRICK COCKBURN

ASTUTE, ruthless, but above all cautious, Mr. Saddam Hussein, the President of Iraq, acted out of character when he launched his invasion of Iran last weekend. In past conflicts he has always sought to keep his options open, to maintain a line of retreat. In the present struggle the outcome is a simple choice between victory and defeat.

Since he became the most powerful political leader in Baghdad in 1968, Mr. Hussein has steered clear of active involvement in wider political struggles in the Middle East, confining his radicalism to militant rhetoric and action only when Iraq's immediate interests were threatened.

This is not because of timidity. For five or six years after his ruling Ba'ath party came to power in a coup in 1968, its ability to fend off its



Saddam Hussein

Genial appearance of a well-dressed teddy bear.

domestic and foreign enemies was always in doubt. Its success was largely due to Mr. Hussein's exceptional abilities as a political infighter. He successfully isolated the military wing of his own party and the Kurdish rebels in the north and crushed them.

His genial appearance, reminiscent of a well-dressed teddy bear, belies his natural ferocity. In his early twenties he personally attempted to assassinate the Iraqi Prime Minister, General Kassem, and was forced to flee into exile. Though a believer in the Ba'ath party's ideological mix of socialism and Arab nationalism, the speed of his rise to power in the 1960s owed more to his family connections in the town of Tikrit on the Tigris north of Baghdad. He shared a common birthplace with, and was related to, many Ba'ath party leaders, notably General Ahmed Hassan al-Bakr whom he replaced as President last year.

Yet such family and tribal solidarity, even when combined with the pervasive control of the secret police, would have been insufficient to allow the Ba'athists to retain their grip on power. Mr. Hussein has himself said that they were unpopular when they took over. In a series of devious manoeuvres he established the power of the civilian side of his party in his ruling Revolution Command Council.

After 1973 oil wealth was more judiciously used in Iraq than in Iran. Plans for grandiose and vastly expensive projects were cut back. Corruption was never as pervasive as in the other oil states. Foreign support was secured through an alliance with the Soviet Union, though animosity between Baghdad and Moscow was always limited. The Shah was forced to abandon his support for the Kurds fighting in the mountains of northern Iraq. Distrusted and feared in the Arab world, Mr. Hussein won a certain respect for his achievements—the fruit of his ability to plan carefully and apply overwhelming force at the right moment.

After the Iranian revolution, the focus of Middle East politics shifted east to the Gulf, away from the borders of Israel. Iran ceased to be the dominant power in the Gulf, its oil production fell below Iraq's, and President Hussein saw an opportunity to become the dominant power amongst scantily populated oil states of the Arabian peninsula and launched a limited war. He needs a quick victory. A prolonged conflict against an intrinsically Ayatollah Khomeini will leave him few opportunities for the political manoeuvres he has so successfully masterminded in the past.

## Government fears growing Rank and Toshiba may close TV subsidiary

BY JOHN ELLIOTT AND ALAN PIKE

GOVERNMENT Ministers fear that they will receive a spate of demands from nationalised industries for extra public funds during the coming months following yesterday's announcement that the British Steel Corporation is to receive an extra £400m in the current financial year.

The growing pressures on other industries' external financing limits was emphasised yesterday at a meeting of the Nationalised Industries' Chairmen's Group. This took place shortly after Sir Keith Joseph, Industry Secretary, announced the new funding arrangements for British Steel.

The Government has already announced that it is modifying its policy of strict external financing limits by providing an extra £400m for British Steel. It is also being asked for additional funds by British Shipbuilders.

Chairmen at yesterday's meeting showed their determination to try to curb expenditure by introducing economies and offering relatively low pay deals this winter.

But several of them will tell Ministers during discussions in

the coming weeks on next year's limits, that their external financing arrangements must be extended.

Following yesterday's announcement, Mr. Ian MacGregor, BSC chairman, will present a corporate plan to Sir Keith in December. This will be drawn up after the heads of the de-centralised business groups which Mr. MacGregor is creating have taken stock of the position.

The corporate plan will be considered by the Government before the end of January. Ministers will at this stage determine BSC's final revised external financing limit for the current financial year and also set the limit for 1981-82.

Sir Keith announced yesterday that he would raise the corporation's £450m cash limit by £400m. He is also to release—as previously agreed—an unused balance of £121m which was carried over from last year because of the steel strike.

The need for the Government to abandon the limits it had set for BSC was first accepted by Sir Keith in a statement to the

House of Commons in June. In a statement yesterday the Department of Industry pointed to the sharp decline in UK demand for steel in recent months, as a result of which BSC's steelmaking capacity remained greatly excessive, in spite of plant closures.

But the statement stressed that it will "clearly be necessary" for BSC to take effective and determined action to improve its financial position. "The Government remains determined that there should be a significant improvement in the BSC's financial position as quickly as possible."

BSC's losses this year are expected at least to equal last year's £545m, and the extra £400m approved yesterday may not be the last extra support which the Government has to give. But account must be taken of the fact that BSC will be spending substantial amounts this year which are not related to operating costs—for example, about £300m of the cost of the redundancy and closure programme will have to be met this year.

By Guy de Jonquieres

THE RANK ORGANISATION and Toshiba of Japan may close Rank Toshiba, their joint television-manufacturing subsidiary in the UK.

Rank said yesterday the two parent companies agreed that the operation, which has a production factory in Plymouth and a smaller assembly plant at Redruth, Cornwall, was not viable in its present form. Also, it could not achieve the market penetration, especially on the Continent, envisaged when it was set up two years ago.

Rank has offered its 70 per cent share in the joint subsidiary to Toshiba. If the offer is not accepted the partners will try to sell the company to a third party, failing which there would be no alternative to closing it down.

Rank is also seeking a buyer for Rank Radio International, its distribution and service subsidiary. If the search is unsuccessful, it will also close this operation after a phased run-down.

The closure of both operations would result in a loss to Rank of about £25m, most of which would be chargeable against reserves.

Toshiba said yesterday it was studying the situation and hoped to decide quickly whether to accept Rank's offer. But it added that it wanted to maintain colour television production facilities in Britain.

Several other Japanese manufacturers have set up television production plants in the UK recently. None has so far reported being in difficulty. Hitachi has a joint subsidiary with General Electric Company, while Mitsubishi, National Panasonic and Sony operate plants of their own.

Mr. Brian Smith, Rank's director of industrial and consumer products, blamed Rank Toshiba's problems on the increase in the value of the pound, rises in production costs and the weakness of the British market.

Rank Toshiba's production was expected to be as much as 100,000 sets short of the 350,000 forecast for next year, made when the venture was launched. Much of the shortfall was due to poor export performance.

The original forecast had assumed the pound would stay at its 1978 exchange rate or rise only slightly. Mr. Smith said it would have to fall to about \$1.50 for the operation to return to a really satisfactory profit.

Rank Toshiba lost almost £1.1m in the last financial year, and Mr. Smith said the rate of loss had worsened significantly since the spring.

## Weather

UK TODAY

Mostly cloudy with rain spreading from the west. Near normal temperatures.

S.E. England

Sunny intervals but becoming cloudy with, perhaps, rain later. Max. 19C (66F).

S.W. England, Wales

Mainly cloudy with occasional rain. Max. 17C (63F).

Midlands, North and Channel Islands

Cloudy but with a few sunny intervals at first and then rain spreading from the west. Max. 18C (64F).

W. Scotland and N. Ireland

Cloudy with heavy rain at times but becoming brighter and drier from the west. Max. 14C (57F).

E. Scotland and N.E. England

Mainly cloudy with a few bright intervals. Occasional rain. Max. 17C (63F).

Outlook: Sunny intervals and showers but rain in the east at first and in the north-west later. Rather cool.

WORLDWIDE

	Y'day	Today	Y'day	Today
	°C	°F	°C	°F
Algeria	28	82	28	82
Amsterdam	18	64	18	64
Antwerp	18	64	18	64
Athens	22	72	22	72
Bahrein	33	91	33	91
Barcelona	28	82	28	82
Beirut	27	81	27	81
Bombay	31	88	31	88
Buenos Aires	18	64	18	64
Calcutta	31	88	31	88
Cairo	30	86	30	86
Cardiff	18	64	18	64
Cebu	28	82	28	82
Colon	28	82	28	82
Copenhagen	18	64	18	64
Corfu	28	82	28	82
Dublin	16	61	16	61
Dhaka	31	88	31	88
Edinburgh	15	59	15	59
Faro	27	81	27	81
Florence	28	82	28	82
Frankfurt	18	64	18	64
Geneva	18	64	18	64
Gibraltar	28	82	28	82
Glasgow	15	59	15	59
G'msey	16	61	16	61
Helsinki	13	55	13	55
Hong Kong	28	82	28	82
Innsbruck	18	64	18	64
Istanbul	28	82	28	82
Jaipur	31	88	31	88
Jeddah	33	91	33	91
Johannesburg	18	64	18	64
London	18	64	18	64
Lyons	18	64	18	64
Madrid	28	82	28	82
Manchester	18	64	18	64
Moscow	18	64	18	64
Munich	18	64	18	64
Nairobi	28	82	28	82
Norwich	18	64	18	64
Osaka	28	82	28	82
Paris	18	64	18	64
Perth	28	82	28	82
Plymouth	18	64	18	64
Rangoon	31	88	31	88
Rome	28	82	28	82
Salt Lake City	18	64	18	64
Seoul	28	82	28	82
Shanghai	28	82	28	82
Singapore	31	88	31	88
Sofia	18	64	18	64
Taipei	28	82	28	82
Tokyo	28	82	28	82
Toronto	18	64	18	64
Trinidad	28	82	28	82
U.S.A. (N.Y.)	18	64	18	64
Warsaw	18	64	18	64
Wellington	18	64	18	64
Yokohama	28	82	28	82

## THE LEX COLUMN

### BTR stands for rights issues

Conditions in the equity market have been very quiet this week but there has been a steady downward drift, and the FT 30 Share Index lost 13.1 points to close at 481.0. The gilt-edged market has been apathetically wedged between worries about rising U.S. interest rates (prime rate has now gone to 13 per cent) and high hopes for the next set of banking figures. The Treasury Bill tender returned to normal yesterday, although the Bank of England is still holding its dealing rates on bills at a restraining fraction above the market.

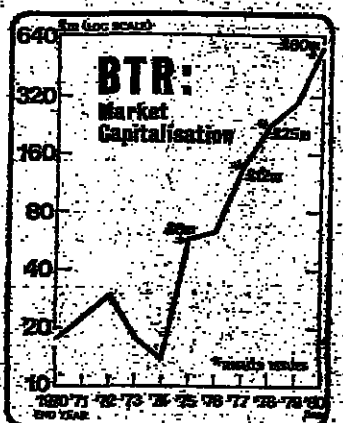
#### BTR

Given BTR's penchant for raising new equity (four rights issues since 1975), the most surprising feature of yesterday's £60m cash call is that it was not announced along with the interim figures three weeks ago. The group apparently preferred to wait until its £50m takeover of Hayek, the U.S. manufacturer of papermaking equipment—was complete before coming out with a one-for-seven issue at 360p, a discount of 18 1/2 per cent to the overnight market price.

The cash bid for Hayek involved £22m of goodwill, even after a revaluation of that company's assets. BTR has made a number of smaller acquisitions this year, and it seemed to be heading for year-end net borrowings of £100m or so against net tangible assets—boosted by a £20m write-up of overseas subsidiaries other than Hayek and including subsidiaries of the order of £10m. This sorely represents a high level of gearing, but BTR likes to preserve the maximum possible financial flexibility. As a result of the rights issue, the debt to equity ratio falls to around 20 per cent, a level which for BTR has usually heralded a burst of take-over activity. It seems reasonable to expect some more action soon.

Naturally enough, the equity market pushed Bestobell shares up 9p yesterday to 313p, where they stand 42 per cent above BTR's unsuccessful bid price of last year. But considering the efforts BTR is making to reduce the proportion of its capital employed in the UK, it would be odd if it were to bid for Bestobell on the basis of the current high price. On the other hand, BTR is holding on to its quarter share in Bestobell (now worth £10.3m) and will presumably pounce if the shares come back significantly. At the moment, the most probable areas for expansion are the U.S.,

Index fell 3.4 to 481.0



the Far East, and perhaps Germany.

The new issue will probably go down easily—a number of big funds are still underweight in BTR and there is no shortage of demand for the shares. And the 21 1/2 per cent forecast dividend increase should help things along, if it is perfectly satisfactory, even though earlier this year there were some hopes that the dividend might be maintained on capital increased by a one for three scrip issue. The group believes it is too early to make a profit forecast, but the weakness of demand in the home market makes it unreasonable to expect pre-tax profits to top £70m (against £57.2m) even with two months of interest saving on the rights issue money.

As for next year, the rights issue is not big enough for dilution to be much of a problem. On the ex-rights, ex-dividend price of 360p the yield is 4.3 per cent.

#### Rank Organisation

The City's disenchantment with the Rank Organisation has been evident for some time in the share price, but yesterday's news still comes as a most unpleasant surprise. If Rank Toshiba and Rank Radio International are closed, trading losses and termination charges may amount to some £25m, and although the bulk of that will be chargeable against reserves, it looks as though the trading losses of these divisions in the year ending next month have been running at a far greater rate than expected.

Brokers Scott Giff Hamblett had already been projecting a profits decline this year from £131m to £112m, the result of a slowdown at Rank Xerox, the strength of sterling and another undistinguished per-

formance by the non-Xerox activities. Now the brokers are lowering their target by £5m and more, and they do not rate the shares a buy at last night's price of 158p, down 4p.

Last year, Rank raised over £50m through a rights issue at 225p per share. Earlier in 1980, it talked about a strongly rising long term trend in gross profits and a marked improvement in the return on capital. Allowing for the rights issue dilution, its fully taxed earnings per share this year could fall by over a quarter.

It would probably be unfair to lay the latest set of problems at the present management's door. It might be said that Rank could not succeed even with a powerful partner like Toshiba, then its task must have been pretty well hopeless. The closures, if they happen, will have a positive impact on cash flow, because losses will be eliminated, and substantial current assets will be realised. And the balance sheet can take the strain with having not wasted the last showing of about £40m.

The fact remains that Rank has still to show that it can get a grip on its non-Xerox manufacturing companies. This year has already brought a provision of around £30m in respect of film production losses and termination costs of £2.5m on the audio products side. It is turning out to be a very long tunnel.

#### Meriden

If the Government had pulled the plug on Meriden, it would not have recovered any of its outstanding loan and accrued interest, amounting to £5.9m. Under the terms of this loan, it ranks behind all other creditors. And it would have jeopardised the £5.9m Credit Guarantee Department advance of securing a decent price for the bikes of which it holds a lien. So the decision to write off the money, provided the £5.9m can be recovered, is a bit odd. It is a bit odd, too, that the Co-operative will still look quite a frail plant, with annual sales of around £20m or £25m, net worth of maybe £10m or less, and a bank credit facility of up to £10m, of which a large part has not yet been drawn.

Yet although yesterday's move does not mark a political "U"-turn, the story of how an original commitment of £5m in 1973 turned into a drain of well over £20m on public funds is still one that Government Ministers should keep by their bedsides.

## Meriden gets fresh start

BY JOHN GRIFFITHS

THE GOVERNMENT is prepared to write off nearly £8m in loans, interest and credits to allow the motor-cycle co-operative a fresh start. No new, outside partner is involved in the agreement announced yesterday.

The offer is conditional on the co-operative repaying to the Export Credits Guarantee Department half of the £4m that the department has been obliged to pay out on motor-cycle stocks in the U.S. that have remained unsold.

The department is, thus, effectively writing off £2m. The rest of the proposed write-off comprises £4.2m in loans and £1.58m in interest owed by the co-op to the Department of Industry.

Meriden claims its sales in the U.S. have been hampered

by uncertainty about its future since the Government last July refused to waive its loan and save the co-operative three weeks to find a solution to its financial difficulties.

Yesterday's offer, however, would allow the co-op to raise the £2m from U.S. sales in the coming months and give it "a real chance to prosper," said Mr. Geoffrey Prosser, the Labour MP for Coventry North-west, who has been acting as Meriden's unpaid chief executive. There are more than 2,000 bikes, worth £4.4m, in the U.S. Ministers are understood to have decided to allow the write-off for the principal reason that if the co-operative were to be closed down there would be little prospect of recovering any of their funds after the guarantee department, the

Department of Industry or the company's private creditors had been paid off.

The "U-turn" on their industrial policies but are merely trying to recoup as much as possible of the State aid provided by the last Government.

Lord Trenchard, Minister of State for Industry, stressed yesterday that the guarantee department's decision did not represent any further financial assistance to the co-operative but "the removal of this shadow from Meriden will help it fulfil its undertakings to the ECED and I wish it well."

An informal committee of Meriden's creditors has approved the proposals and is to recommend them to all the trade creditors, who are owed a total of about £1m.

## Moss Evans denies union purge

BY CHRISTIAN TYLER, LABOUR EDITOR

SUGGESTIONS that the Transport and General Workers Union has embarked on a purge of right-wingers from senior posts within the TUC were angrily denied by Mr. Moss Evans, Transport Union general secretary, yesterday.

There was no connection between the two TUC committee changes this week, and he would consult his legal department if allegations of a conspiracy persisted, said Mr. Moss Evans.

Earlier yesterday Mr. Tom Jackson, general secretary of the Union of Communications Workers—a prominent right-winger in trade union terms—suggested in a BBC radio interview that TUC leaders like

himself who were "in favour of free speech" were in danger of being ousted. If that were so, the moderates might have to organise themselves to display their undoubted strength in the TUC's structure, he said.

This week's unusually public row began when Mr. Frank Chapple, general secretary of the Electricians Union was voted off the TUC's most senior committee, the finance and general purposes committee, apparently for persistent disregard of collective responsibility. It continued on Thursday when Mr. Sid Weighell, General Secretary of the National Union of Railwaymen, lost the chairmanship of the transport industries committee. Mr. Weighell claimed

he had been punished for opposing Mr. Chapple's removal.

One possible explanation to emerge yesterday was that there had been a mix-up at the TGWU. Mr. Evans said that he had still been a member of the transport committee this year—he would probably have nominated Mr. Weighell for the chairmanship.

But his deputy, Mr. Alec Kitson, who also denied any connection between the two votes, said the union had decided two weeks ago to nominate its executive officer, Mr. Larry Smith.

Efforts are now being made to smooth over the incident. TUC: the cracks begin to show, Page 17

## IBH chief to take over Terex

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

HERR Horst-Dieter Esch, the 37-year-old chief executive of West Germany's IBH group of construction equipment companies, is poised this weekend to clinch his most ambitious deal so far by taking over the Terex division of General Motors.

The deal means Herr Esch will be renewing his links with Blackwood Hodge, the UK-based distributors of Terex equipment in many parts of the world, which provided the launching pad for his spectacular career in the construction equipment business. When the agreement between GM and IBH is signed in Detroit on Monday, it will

include an arrangement for the Blackwood Hodge distribution rights to continue. Sales and servicing of Terex equipment amount to around 40 per cent of Blackwood Hodge's turnover.

Seven years ago, Herr Esch started his career by running the continental operations of Blackwood Hodge. He went on to set up IBH in Germany by buying a couple of companies. He then expanded into France, and last year bought Hymac in the UK from Powell Duffryn, and Hanomag in Germany from Massey-Ferguson. This year, he made his first entry into the U.S. by buying a small stake in the Pettibone Corporation.

The Terex takeover will bring the turnover of IBH, which is still a private company, up to well over \$10m (£420m), probably making it one of the top five construction equipment groups in the world. Herr Esch is the largest shareholder in IBH. Powell Duffryn has a 23 per cent stake, and GM will also be taking a minority stake under the sale agreement. GM will also supply IBH with technical and financial assistance on Terex during the early years of its new ownership.

Terex manufactures heavy earthmoving equipment, mainly at plants in Hudson, Ohio, Belo Horizonte in Brazil, and Motherwell and Peterhead in Scotland.

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### Iraq

Iraqi crude—France, Brazil, Italy, Spain and India. French and Brazilian companies were said to be urging the Iraqi National Oil Company to make oil available through pipelines in the Mediterranean.

According to industry analysts in London, Iraq could ship as much as 1.75m barrels a day through pipelines and eastern Mediterranean shipping terminals.

Unconfirmed reports suggested late yesterday that Iraqi crude was being pumped through the trans-Syrian pipe-

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### U.S. prime rate

and—housing sectors—have warned that the prospects for growth in these will be destroyed if interest rates climb much further.

In the last two months, the prime has advanced from 10.75 to 13 per cent. Other rates, such as the cost of home mortgages, have shown similar gains.

Reactions from Wall Street economists yesterday to these trends ranged from the non-committal to the alarmed, with several forecasting that a new upward push in rates would be enough to interrupt the fragile economic growth of the last

Dr. Henry Kaufman—of Salomon Brothers—said the Fed's move illustrated again the burden it was carrying as "the sole restraining force cast further damage to the bond markets and more pressure on short term interest rates as corporations seek avoid long term debt commitments at current high rates."

The Fed is clearly hoping that an 11 per cent discount rate that its first boost since mid-February will be enough to slow down basic money supply growth, which is running at almost twice the

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